

ports for refugees; to the Committee on Immigration and Naturalization.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK:

H. R. 4987. A bill for the relief of the estate of Otto Frederick Gnospellus, deceased; to the Committee on Claims.

By Mr. BLOOM:

H. R. 4993. A bill for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions; to the Committee on Foreign Affairs.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5821. By Mr. CAPOZZOLI: Petition of the people of the city of New York who are members of settlement houses belonging to United Neighborhood Houses, urging the Congress of the United States to renew the Price Control Act with additional provisions to give more and stronger price control; to the Committee on Banking and Currency.

5822. By Mr. PLOESER: Petition of John Ferrara of Società di Mutuo Soccorso Unione Sicilliana Principe di Piemonte and approximately 1,020 citizens of St. Louis and St. Louis County, Mo., protesting against the enactment of any and all prohibition legislation; to the Committee on the Judiciary.

5823. By Mr. THOMAS of New Jersey: Petition of Wantage Township, Sussex, N. J., and Clinton Township, Annandale, N. J., in support of Senator Hawkes' bill (S. 1737), providing certain payments to States and their political subdivisions for loss of revenues occasioned by the acquisition of real property by the United States for military purposes; to the Committee on Ways and Means.

5824. By the SPEAKER: Petition of the Secretary, Texas Power Reserve Electric Cooperative, Inc., petitioning consideration of their resolution with reference to House bill 3961, authorizing construction, repair, and preservation of certain public works on rivers and harbors; to the Committee on Rivers and Harbors.

5825. Also, petition of various real estate owners in New York City, petitioning consideration of their resolution with reference to the inequities in the rent control section of the present Emergency Price Control Act; to the Committee on Banking and Currency.

## SENATE

FRIDAY, JUNE 9, 1944

(Legislative day of Tuesday, May 9, 1944)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. Fred S. Buschmeyer, minister, Mount Pleasant Congregational Church, Washington, D. C., offered the following prayer:

Almighty God, whose power hath created all that is, whose goodness and mercy have spanned all the years, and whose present love and concern for all the creatures of Thy hand count even the sparrow as it falls: Our hearts are stilled before the thought of how great

the suffering of Thy heart must be, when conflict tears Thy earth apart, and human children of Thy love—not sparrows—fall by scores to rise no more among their fellow men.

As we take up the duties of this day grant us hearts and minds attuned to Thine. Take from our souls all self-concern which would prevent our becoming the channels of Thy grace and power. Lift the scales of selfish, narrow vision from our eyes that we may see the splendor of a service completely acceptable unto Thee.

To Thy hands of mercy we commit all those who stand this day in mortal danger on our behalf. Help us see, as Thou dost see, the honor and the greatness of their sacrifice. Teach us to serve, with matching honor and fidelity, the noblest interests of our land and the larger hopes of Thine own heart for all mankind.

Invade our lives, O God, and conquer us with Thy wisdom and Thy power, that we may live and die with the knowledge that we have served out the fullness or the shortness of our days in the name of the Most High. In the spirit of the valiant Christ, and in remembrance of all our noble dead, we pray. Amen.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 8, 1944, was dispensed with, and the Journal was approved.

#### EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

##### PERSONNEL OF THE LAND FORCES

A letter from the Secretary of War, reporting confidentially, pursuant to law, relative to the personnel of the land forces in training and service on April 30, 1944; to the Committee on Military Affairs.

##### PAY STATUS OF CIVILIAN EMPLOYEES SUSPENDED WITHOUT PAY PENDING INVESTIGATION

A letter from the President of the United States Civil Service Commission, submitting an additional paragraph to be included in the proposed draft of a bill to establish a uniform policy with respect to the pay status of civilian employees suspended without pay pending investigation; to the Committee on Civil Service.

##### DELEGATION OF AUTHORITY TO APPROVE PAYMENT OF CERTAIN TRAVEL AND TRANSPORTATION EXPENSES IN CONNECTION WITH TRANSFER OF CIVILIAN PERSONNEL

A letter from the President of the United States Civil Service Commission, transmitting a draft of proposed legislation to authorize the delegation of authority to approve payment of expenses of travel and transportation of household goods and personal effects in connection with the transfer of civilian officers and employees from one station to another (with an accompanying paper); to the Committee on Expenditures in the Executive Departments.

#### PETITIONS

The ACTING PRESIDENT pro tempore laid before the Senate petitions of sundry citizens and representatives of various real-estate companies and corporations of New York City, N. Y., praying for amendment of the rent-control section of the Emergency Price Control

Act so as to remove alleged inequities therefrom, which were ordered to lie on the table.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BANKHEAD, from the Committee on Irrigation and Reclamation:

S. 1571. A bill to provide that the transmountain tunnel constructed in connection with the Colorado-Big Thompson project shall be known as the "Alva B. Adams tunnel"; without amendment (Rept. No. 958).

By Mr. ELLENDER, from the Committee on Claims:

H. R. 4707. A bill for the relief of J. Fletcher Lankton and John N. Ziegele; without amendment.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session.

The following favorable reports of nominations were submitted:

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

Capt. Harold Dodd, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as chief, United States Naval Mission to Brazil.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DAVIS:

S. 1990. A bill to create United States Civil Service Board of Appeals; to the Committee on Civil Service.

S. 1991. A bill to amend Section 5 of the Railroad Retirement Act, approved August 29, 1935, relative to death benefits; to the Committee on Interstate Commerce.

By Mr. WALSH of Massachusetts:

S. 1992 (by request). A bill to remove restrictions on transfers of small craft to other American republics in furtherance of the war effort; to the Committee on Naval Affairs.

#### CHANGE OF REFERENCE

On motion by Mr. ELLENDER, the Committee on Claims was discharged from the further consideration of the bill (H. R. 3659) for the relief of Anne Loacker, and it was referred to the Committee on Civil Service.

#### FELICITATIONS TO THE ICELANDIC ALTHING ON ESTABLISHMENT OF THE REPUBLIC OF ICELAND

Mr. CONNALLY submitted the following concurrent resolution (S. Con. Res. 45), which was referred to the Committee on Foreign Relations:

Whereas the people of Iceland in a free plebiscite on May 20-23, 1944, overwhelmingly approved the constitutional bill passed by the Althing providing for the establishment of a republican form of government; and

Whereas the Republic of Iceland will be formally established on June 17, 1944: Now, therefore, be it

Resolved by the Senate of the United States (the House of Representatives of the United States concurring), That the Congress hereby expresses to the Icelandic Althing, the oldest parliamentary body in the world, its congratulations on the establishment of the Republic of Iceland and its welcome to the Republic of Iceland as the newest republic in the family of free nations.

# WHAT FOREIGN POLICY WILL BEST PROMOTE PEACE?—ADDRESS BY SENATOR TAFT

[Mr. TAFT asked and obtained leave to have printed in the Record a radio address entitled "What Foreign Policy Will Best Promote Peace?" delivered by him on June 8, 1944, which appears in the Appendix.]

## THE BANKHEAD AMENDMENT TO THE PRICE-CONTROL EXTENSION BILL

[Mr. HAWKES asked and obtained leave to have printed in the Record a statement prepared by him relative to the so-called Bankhead amendment to Senate bill 1764 to amend the Emergency Price Control Act of 1942, etc., which appears in the Appendix.]

## OUR WAR AIMS IN EUROPE—EDITORIAL FROM THE WASHINGTON TIMES-HERALD

[Mr. REYNOLDS asked and obtained leave to have printed in the Record an editorial entitled, "Our War Aims in Europe," published in the Washington (D. C.) Times-Herald, which appears in the Appendix.]

## FLOODS IN THE MISSOURI RIVER AS A THREAT TO IRRIGATION—EDITORIAL FROM THE NEBRASKA FARMER

[Mr. BUTLER asked and obtained leave to have printed in the Record an editorial entitled "Threat to Irrigation" published in the Nebraska Farmer, which appears in the Appendix.]

## WORK OF CONGREGATION AT GLENNONVILLE, MO.—ARTICLE FROM ST. LOUIS POST-DISPATCH

[Mr. CLARK of Missouri asked and obtained leave to have printed in the Record an article published in the St. Louis Post-Dispatch regarding the pioneer development conducted by Father Peters and his congregation at Glennonville, Mo., which appears in the Appendix.]

## ACTIVITIES OF C. I. O. POLITICAL ACTION COMMITTEE

Mr. MOORE. Mr. President, we have abundant proof to force us to the conclusion that our judiciary has sunk to an all-time low in its respect for the Constitution and the basic laws of the country, including a long line of precedents established by our once learned courts.

The Attorney General, in his opinions to the executive department, has totally ignored constitutional provisions and has arrived at conclusions with an obedience that has shocked the Nation.

I have addressed a letter to the Attorney General, reciting his opinion to the Honorable HOWARD W. SMITH, of the House of Representatives, respecting the activities of the C. I. O. Political Action Committee. I have given a chronological statement of the activities of this committee and of the American Communist Political Association, and have asked his opinion as to whether these activities are violative of any statutes. I ask unanimous consent to have printed in the Record a copy of the letter.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

JUNE 6, 1944.

HON. FRANCIS BIDDLE,  
Attorney General of the United States,  
Washington, D. C.

DEAR MR. ATTORNEY GENERAL: I have noted your opinion, addressed to Hon. HOWARD W. SMITH, of the House of Representatives, dated April 6, 1944, concerning the activities of the

political action committee of the Congress of Industrial Organizations, in which you state that a thoroughgoing investigation of such activities was made by the Federal Bureau of Investigation and that no violation of any Federal law was disclosed by the investigation.

You stated that the activities of the C. I. O. Political Action Committee to date (April 6, 1944) were confined to furtherance of a program consisting of an effort to have the unions get their members to register and qualify as voters in their respective communities and for other purposes not prohibited by the Federal statutes.

You also stated that if future acts by the committee of a nature prohibited by Federal law should occur that appropriate action will be taken by your Department.

Since the date of your opinion on April 6, 1944, there have occurred certain activities of the C. I. O. Political Action Committee and other political associations to which I desire to direct your attention.

1. On Tuesday, May 9, 1944, the press reported that the president of the Congress of Industrial Organizations in his official capacity had announced to the convention of this organization at Philadelphia he endorsed and would actively work for a continuation in office of the present national administration.

2. On Wednesday, May 10, 1944, the press reported that the chairman of the political action committee of the C. I. O., acting as such official, had announced his support and endorsement of a continuation in office of the present national administration.

3. On Tuesday, May 16, 1944, the press, radio commentators, and columnists reported that the C. I. O. Political Action Committee in session at Chicago officially adopted the following resolution:

"To meet its needs and those of the entire Nation, both in winning victory in war and the peace to follow, as we approach the national elections of 1944 it becomes the task of the C. I. O. and the C. I. O. Political Action Committee to determine what candidate for national office can best effectuate those objectives; in particular, our Nation's choice on November 7 of a Chief Executive who will shape our course during the next 4 critical years. Those great tasks can be fulfilled only by a man of experience and demonstrated leadership, a man whose performances rather than promises entitle him to the confidence of the Nation. They require a man whose outstanding capacity for leadership can unite the entire Nation behind him and assure continued unity of the United Nations.

"The overwhelming majority of the C. I. O.'s 5,000,000 members, acting through their international unions and their local organizations, have called upon Franklin D. Roosevelt to run for another term in office and upon the Nation to elect him to that office. The C. I. O. Political Action Committee therefore merely records the sentiment of the membership of the C. I. O. as already expressed when it joins with them in urging Franklin Roosevelt again to respond to the call of duty in the Nation's service and become a candidate for President."

4. It has been reported by a congressional investigating committee that the chairman of the C. I. O. Political Action Committee stated that \$2,000,000 will be collected from labor organizations for the activities of the committee.

5. On Wednesday, May 17, 1944, a radio news commentator reported that he had been advised by an official C. I. O. spokesman that leaflets, radio speeches, and rallies promoted by the C. I. O. were specifically designed to promote and aid in the election of specific candidates. This commentator further reported that the legal position of the C. I. O. Political Action Committee, as stated by the spokesman, was that under the interpreta-

tion of the Attorney General it is necessary to make a direct specific cash contribution to an individual candidate or political party in order to violate the Federal law, and that any other activity is not a violation and is perfectly permissible.

6. On May 19, 1944, the Political Action Committee of the C. I. O. published and made Nation-wide distribution of a special edition of Political Action News (vol. 1, No. 5), in which it is stated:

"The full strength of the C. I. O. has been mobilized behind President Roosevelt. Meeting in Chicago this week, the C. I. O. Political Action Committee issued a vigorous endorsement of the President and demanded his reelection.

"As we approach the national elections of 1944, it becomes the task of the C. I. O. and of the C. I. O. Political Action Committee, as its political arm, to determine what candidates for national office can best effectuate these objectives.

"It will, therefore, be the task of the C. I. O. Political Action Committee, between now and November 7, to intensify the educational campaign which it has launched throughout the Nation.

"We are confident that this task of education and organization will be performed, and that on November 7 the American people will reelect Franklin Delano Roosevelt to office."

7. On May 20, at New York City, the Communist Political Party, according to the daily press, voted to dissolve as a political party and thereupon the group formerly representing the Communist Party organized an association known as the American Communist Political Association; nonpartisan in character, but for avowed political purposes.

8. According to such announcements the American Communist Political Association, by official action, pledged its support to the continuation in office of the present national administration.

9. On Saturday, June 3, 1944, the New York Times carried a financial report of the C. I. O. Political Action Committee in which it was disclosed that \$669,764.11 had been received from member unions of the Congress of Industrial Organizations and that \$189,112.12 had been expended to May 31, 1944, in connection with various political activities.

10. On June 6, 1944, the United Press, under a Boston date line of June 5, 1944, reported that the International Ladies Garment Workers Union in convention at Boston received a report from the President of this Union, in which it was reflected that \$243,369 had been contributed to the American Labor Party, a national political party.

Your attention is called to the following section of the Hatch Political Activity Act of 1939 as amended:

"It is hereby declared to be a pernicious political activity, and it shall hereafter be unlawful, for any person, directly or indirectly, to make contributions in an aggregate amount in excess of \$5,000, during any calendar year, or in connection with any campaign for nomination or election, to or on behalf of any candidate for an elective Federal office (including the offices of President of the United States and Presidential and Vice Presidential electors), or to or on behalf of any committee or other organization engaged in furthering, advancing, or advocating the nomination or election of any candidate for any such office or the success of any national political party."

The act defines the term "person" to include an individual, partnership, committee, association, corporation, and any other organization or group of persons. The term "contribution" is defined to include a gift, subscription, loan, advance, or deposit of money, or anything of value.

Section 11 of the Federal Corrupt Practices Act, as amended by the Smith-Connally Law, provides as follows:



"It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution in connection with any election to any political office, or for any corporation whatever, or any labor organization to make a contribution in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section."

In view of the disclosures made by the Federal Bureau of Investigation, set forth in your opinion to Representative Smith on April 6, 1944, that large contributions of money had been made by the Congress of Industrial Organizations to the C. I. O. Political Action Committee and in view of the events reported to have occurred subsequent to April 6, 1944, to which reference hereinbefore is made, I am respectfully requesting as a Member of the United States Senate and as a Member of the Senate Standing Committee on Privileges and Elections that you cause the truth and correctness of the reports and statements herein mentioned to be investigated, together with such other matters as may be pertinent and relevant, and advise me in the following particulars:

1. Is the Congress of Industrial Organizations an "association" or "other organization" within the meaning of the Hatch Act?
2. Is the Political Action Committee of the Congress of Industrial Organizations a "committee" or "other organization" within the meaning of the Hatch Act?
3. Is the American Communist Political Association an "association" or "other organization" within the meaning of the Hatch Act?
4. Is the Congress of Industrial Organizations a "labor organization" within the meaning of the Federal Corrupt Practices Act?
5. Is the C. I. O. Political Action Committee a "political committee" within the meaning of the Federal Corrupt Practices Act?
6. Is the American Communist Political Association a "political committee" or "other person" within the meaning of the Federal Corrupt Practices Act?
7. Is the International Ladies Garment Workers Union an "organization" or "group of persons" within the meaning of the Hatch Act and is it a labor organization within the meaning of the Federal Corrupt Practices Act?
8. Has the Congress of Industrial Organizations, the Political Action Committee of the C. I. O., the American Communist Political Association, or either of them, made or given, directly or indirectly, a contribution, gift, subscription, loan, advance, deposit of money, or anything of value in an aggregate amount in excess of \$5,000 during the calendar year in connection with any campaign for nomination or election, to or on behalf of any candidate for an elective Federal office, or to or on behalf of any committee or other organization engaged in furthering, advancing, or advocating the nomination or election of any candidate for any such office or the success of any national political party?
9. Will contributions to the American Communist Political Association from either the Congress of Industrial Organizations or the C. I. O. Political Action Committee, and used by such association in connection with an election at which Presidential and Vice Presidential electors or a Senator or Representative in Congress are to be voted for, violate section 11 of the Federal Corrupt Practices Act?
10. If you find from your investigation that the activities of the Congress of Industrial Organizations and those of the Political Ac-

tion Committee of the C. I. O. since April 6, 1944, have been as reported, then in view of such facts please advise if the contributions from the Congress of Industrial Organizations to the C. I. O. Political Action Committee as disclosed in your opinion of April 6, 1944, and contributions as subsequently disclosed have been made in connection with any election in which Presidential or Vice Presidential electors or a Senator or Representative, or a Delegate or Resident Commissioner to Congress are to be voted for.

11. In view of the same considerations, please advise whether or not the Political Action Committee of the C. I. O. received such contributions in connection with any election in which Presidential and Vice Presidential electors or a Senator or Representative to Congress are to be voted for.

12. Did the International Ladies Garment Workers Union violate the terms of the Hatch Act and/or the Federal Corrupt Practices Act in contributing the sum of \$243,369 to the American Labor Party, a national political party; and did the American Labor Party, a national political party, violate the provisions of the Federal Corrupt Practices Act in receiving such contribution?

Respectfully submitted.

E. H. MOORE.

#### QUALITY OF AMERICAN ORDNANCE

Mr. REYNOLDS. Mr. President, I wish to provide the Senate with information relative to the equipment of our soldiers in foreign lands. I have before me a letter dated June 6, 1944, from Gen. L. H. Campbell, Jr., Chief of Ordnance of the United States Army, which states, as follows:

WAR DEPARTMENT,  
OFFICE OF THE CHIEF OF ORDNANCE,  
Washington, D. C., June 6, 1944.  
Hon. ROBERT R. REYNOLDS,  
Chairman, Military Affairs Committee,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR: I know that you will take great pleasure with me in reading the enclosed copy of letter from General Devers, from Italy. I feel also that it will give you, as chairman of the Senate Military Affairs Committee, a very happy feeling in the knowledge that the weapons as supplied by our Ordnance Department are meeting with approbation and approval as that expressed by General Devers.

With kindest personal regards, I am,  
Always sincerely yours,  
L. H. CAMPBELL, Jr.,  
Major General, Chief of Ordnance.

I shall now read the letter which was sent to General Campbell by General Devers from Italy. The letter which has come from the Italian front is dated May 28, 1944, and reads as follows:

ALLIED FORCE HEADQUARTERS,  
May 28, 1944.  
Maj. Gen. LEVIN H. CAMPBELL, Jr.,  
Chief of Ordnance, War Department,  
Washington, D. C.

DEAR LEV: The equipment developed and turned out by the Ordnance Department under your able leadership is in great part responsible for the successes we are having. It is far superior to any German equipment that I have seen. In fact, most of the German equipment would be obsolescent insofar as we are concerned. It is true they have guns which shoot projectiles and that projectiles kill when they hit the right spot. However, for every one projectile they throw over we throw back a hundred. Their counterattacks are turned back by determined fighting men first, but it is the weapons which they handle that have been slaughtering the Germans.

For the first time we are using tanks in great numbers. It is all a lot of bunk that the terrain is not suitable for tanks. No terrain is unsuitable for tanks if they can move across country when the ground is dry. They are the boys that take the battle across the mine fields and into the machine-gun fire, but they must be followed always by well-trained, aggressive infantry.

I have spent most of my time in Italy for the past 2 months. I have been on the front continuously, and I know whereof I speak. Only a few days ago an M-5 tank surprised a German Panther tank and knocked it out with 14 rounds from its 37-millimeter gun. This was brought about because of the mobility with which the turret could be swung onto the German, and they got their rounds off before the lumbering Panther could swing its big gun into action. Of course, an alert crew and an excellent gunner were handling the tank, but the point I want to make is that the best equipment in the world, improperly handled, is of no value. We lost tanks in the first day's attack which cracked the German line outside the bridgehead, but it permitted the infantry to get on. Our casualties were few, and well over 80 percent of the tanks were in action again within the next 48 hours.

The mortars have done exceptionally fine work, for we have lugged them up the mountains along with our pack artillery, and they have meant the difference in killing and destroying the Germans, for the German was not able to get his equipment to the right places at the right time.

All pieces of artillery are loved, not only by the artilleryman, antiaircraft, and field, but by the infantryman, who cheers as the rounds go over his head.

The bombs furnished the Air Force have been a big part in ripping into the Germans all along their lines of communication and destroying their equipment and supplies.

I just want to let you know that all of us over here appreciate the fine efforts of you and your efficient staff to keep us fully supplied at all times, and to let you know that the equipment furnished the American Army is second to none.

Lots of luck to you.

Sincerely,

JACOB L. DEVERS,  
Lieutenant General, United States Army.

Mr. President, when the letter which I have just read came to my desk I found it so thoroughly interesting and inspiring that I called General Campbell over the telephone and requested permission of him not only to bring it to the attention of the Committee on Military Affairs, but also to the attention of Members of the Senate. I knew that the American people would be comforted by knowing that our boys on the fronts all over the world are supplied with weapons which will not only destroy the enemy, but serve in self-defense.

General Campbell has done a magnificent job ever since the inception of the war effort, and I am sure that he will receive the appreciation, commendation, and congratulation of all, particularly of American mothers and fathers.

#### FUTURE USE OF MISSOURI RIVER WATERS

Mr. NYE. Mr. President, I wish to detain the Senate for but a few minutes.

It is now apparent that there will be no action by the Senate on the rivers and harbors bill, which carries, among other things, the destiny of the use of Missouri River waters by the States through which that great stream flows.

The delay in bringing to a head this issue of the rights of the States should af-

ford an opportunity to Senators to more fully acquaint themselves with the interests which are ours in the upstream States. I take this means of urging upon my colleagues some of the reasoning which I hope may prevail in the end, and give to our States a prior right to waters which will let us in those States face a future bright with prospect, so that we can make prosperous homes for thousands and thousands more of people in the difficult years that lie ahead. I am certain that far greater benefit to the country as a whole is to be found in making reclamation possible than by enlarging upon river navigation at the possible expense of irrigation prospects.

Mr. President, in the interest of conserving the time of the Senate, I ask unanimous consent to have printed in the RECORD at this point, as part of my remarks, a statement which I have prepared on the subject of the Missouri River, and also an editorial appearing in the Minot Daily News, of North Dakota, entitled "Star Takes Selfish Sectional View."

There being no objection, the statement and the editorial were ordered to be printed in the RECORD, as follows:

#### NOT PROPOSING IDLE LAND FOR IRRIGATION

The future welfare and prosperity of North Dakota is dependent upon the wise utilization of its water resources. The Missouri River may well be considered a main artery of economic life to the State. If my State is to become merely the territory which provides the channel through which this river passes to serve primarily uses in another State or States, then, indeed, its citizens have been deprived of one of their basic resources which is necessary for the stabilization and advancement of agriculture. I submit that no Senator can justly advocate any program of river improvement which would retard or defeat the development of a dominant natural resource which serves the agricultural needs of a State. Especially is this true where that resource is a part of a State's territorial inheritance and is an inherent complement to its land development. And this becomes more apparent when it is considered that agriculture in that State constitutes its principal economy.

The value and necessity of the use of water in North Dakota for irrigation purposes is demonstrated by an account of the ravages which accompanied drought and recurrent insufficient rainfall. The need for irrigation is not expressed in increased agricultural acreages. It is required to stabilize existing farm and livestock operations. It is needed to place the farmer now on the ground with a substantial investment upon a firm economic basis; and it is necessary to prevent the serious losses which have besieged his position in an area where nature cannot be relied upon to provide plentiful rainfall every year.

#### DROUGHT DESTROYS SEEDING ACRES

All of the land in North Dakota, being approximately 1,266,440 acres which may be benefited by irrigation, is already farmed. But what are the conditions under which these farming operations are conducted? During the 10-year period, 1932-41, inclusive, the six counties in the northwestern part of my State, which will be benefited by such irrigation, suffered serious depletion of crop yields, and were subject to extensive crop abandonment and population losses. During this 10-year period these six counties abandoned without harvest, because of crop failures due to drought, an annual average of 31.4 percent of the seeded acres of all crops. Expressed more simply, out of every 100 acres seeded the reaper found nothing to garner

on 50 acres. During this same 10-year period, the townships within approximately the boundaries of these counties lost 20.6 percent of their total population, and 28.7 percent of their rural farm population.

Looking at the long-time record in North Dakota, there have been only 5 years when the wheat yield reached 20 bushels per acre. In 19 out of 60 years these wheat yields were below 10 bushels, or 600 pounds of grain, per acre, and in 17 of those 19 years drought was the chief cause. Oat yield was below 600 pounds per acre in 12 out of the 60 years, and barley yields were below 600 pounds per acre in 8 out of 60 years.

#### STABILITY OR FEDERAL RELIEF?

To indicate the value and importance of irrigation in this area it is only necessary to mention that in 1941, when there was abundant rainfall, the average production of 6 bushels per acre of wheat was increased to 21 bushels, 52-bushel potato land became 92-bushel potato land, and the people thereby temporarily prospered. But history demonstrates that these drought and insufficient rainfall years will recur, however much our regrets need to acknowledge the inevitable.

In this situation the Nation as a whole is interested. We are all familiar with the relief which it was necessary to afford such areas in these drought years. This relief could not be and was not of a permanent nature. Reason dictates that the national economy should provide some form of enduring adjustment and stabilization. This can be provided through irrigation.

In 1 North Dakota county in the period July 1, 1938, to June 30, 1939, when wheat yielded less than 6 bushels to the acre and other crops were correspondingly low, the total cost of relief in that county, largely from Federal funds, was over \$1,000,000. A simple calculation reveals the startling fact that to meet this relief load alone that county would have had to sell all its wheat, all its barley, all its flax, and a third of its potatoes. How did the more than 30,000 people in that county live in 1938? The answer is obvious. They lived on low farm income, on financial reserves and credit, and on relief which could be of no lasting or permanent benefit.

#### GREAT LIFT TO STOCK RAISING

In a major way, the agriculture of the area lying west of the ninety-seventh meridian is of the livestock type. It should be borne in mind that the livestock raised in the western part of the country is integrated with the feeding operations in the Mississippi Valley and the packing industry which is found along the Missouri River as well as in Chicago. The Nation is dependent in a large measure upon the livestock industry in the West. For years an attempt has been made to stabilize this industry. To do this it is necessary to maintain sufficient irrigated acreages for winter feeding which in turn is dependent upon vast acreages of grazing land. As evidence of this fact, the situation at Billings, Sidney, and Great Falls, Mont., all located in the midst of irrigated land, should be noted. Undoubtedly this particularly prosperous area surrounding the city of Billings, Mont., has resulted from the irrigation of 400,000 acres of land in that valley. The soil, topography, and the climate are no different in this Montana area than in many other sections of the upper Missouri Basin. Stabilized agriculture in that area is the result of water having been applied to irrigable land in proper amounts to assure production. Northwestern South Dakota, northeastern Wyoming, southeastern Montana, and southwestern North Dakota comprise a large area of arid and semi-arid country where little has been done toward the development of irrigation projects. These areas are the ones which periodically have suffered the greatest distress. During the drought year of 1934 the livestock population in that area was reduced by 20 percent.

In that year, when the Federal Government inaugurated its drought cattle purchase program to relieve stricken farmers and ranchers, 977,000 head of cattle were purchased by the Federal Government at prices ruinous to the farmers of North Dakota, a State which, unfortunately, has only a few thousand acres of its lands presently farmed under irrigation. This number represented approximately 40 percent of all the cattle in the State at that time. On the other hand, in the State of Montana, which has approximately 3,000,000 acres of land under cultivation, only 135,000 head of cattle were purchased under the Government drought-relief program, and none were bought in the irrigated areas, or in areas immediately adjacent to irrigation projects.

#### SOURCE OF FEEDER SUPPLIES

The range country of the West markets hundreds of thousands of head of cattle and lambs annually. Normally, a high percentage of this livestock is sent to the Corn Belt to be finished for the slaughter markets. The feeding areas in the 11 Corn Belt States depend heavily on this Northwest area for their feeder cattle and lamb supplies. They use their high-priced land for the production of feed, and their feed lots serve as a reservoir for cattle and lambs, which supply the processing plants at seasons of the year when cattle and lambs are not available to the processors from the ranges. Under normal conditions the production of cattle and lambs on the ranges and the finishing of a high percentage of them in the feed lots of the Corn Belt result in a year-round supply of meat for the consuming public. We find a definite interdependency therefore existing between mid-western farms and the irrigated areas of the West.

The facts which I have here stated stand uncontroverted in the hearings before the Commerce Committee on the Rivers and Harbors bill.

#### THE PICK AND RECLAMATION PLANS

At the hearings before the Commerce Committee the Pick plan of the Army engineers for the development of navigation, flood control and irrigation on the Missouri River was presented. Likewise, the sponsors of the O'Mahoney amendment, which I shall later discuss, injected into the hearings the Sloan plan of the Bureau of Reclamation. H. R. 3961 provides for the authorization of an improved navigation channel from Sioux City, Iowa, to the mouth of the Missouri. This navigation improvement is a part of the Pick plan and is included in the omnibus flood control bill by reference to House Document 475, Seventy-eighth Congress, second session, which has passed the House and is now before the Commerce Committee. The Bureau of Reclamation report which is referred to as the Sloan plan is now before the Senate in the form of Senate Document 191, Seventy-eighth Congress, second session. This report is the result of five years of investigational work in the field for the purpose of appraising irrigation potentialities in the upper basin of the Missouri River, and devising a plan for the utilization of upstream water, through storage reservoirs, diversion canals, and incidental works. It provides for the integration of facilities for irrigation, flood control, and navigation improvements lower down on the river. It does not propose the irrigation of all irrigable land in the upper basin but confines the use of water for such purpose on a reasonable area of land and thereby reserves approximately 17,000 cubic feet per second of water at Yankton, S. Dak., at the head of navigation on the Missouri, for the maintenance of navigable capacities during approximately 8 months of each year. Five thousand cubic feet per second of time is reserved for navigation during the balance of each year at this point on the river. This reclamation plan includes provision for power



development and for the diversion of Missouri River water into the James and Sheyenne Rivers in North and South Dakota, which will furnish municipal supplies to many towns and cities in those basins. These municipalities have experienced extreme difficulty in obtaining sufficient water for their needs during the past decade. More than 19 cities and towns would thus obtain adequate and safe water supplies.

#### PLAN PROPOSES DIVERSION

In North Dakota it is proposed to irrigate 1,266,440 acres, being lands in the northwestern part of the State, presently farmed in an insecure manner because of the lack of rainfall I have mentioned. In addition, water from the Missouri River would be used to restore the once famous Devils Lake to its former prominence and value. This lake once had an area of 60,000 acres and within the last 60 years has shrunk to an area of 1,000 acres. The effect of this restoration will be to restore ground water levels which have also lowered to an alarming extent.

The water for irrigation and domestic uses in North Dakota, under the Bureau plan, would be made available by what is known as the Missouri-Souris project which diverts water at a point on the Missouri River approximately 10 miles below Fort Peck and conveys it to the Souris River basin where the greatest portion of the proposed irrigated land is located. After the water serves this area that portion remaining after beneficial consumptive use, is recaptured and conveyed to the Devils Lake area from which it has an outlet into the Sheyenne and James Rivers.

#### MISSOURI IS STATE'S WATER RESOURCE

Although North Dakota for the stabilization of its agriculture is so desperately in need of irrigation supplies of water, its major water resource is found in the Missouri River. The natural surface water supplies in the Souris Basin, where great areas of wonderfully fertile and level land have passed into private ownership for farming purposes, are extremely deficient. Water for that area, as I have pointed out, is not provided by rainfall nor by surface stream flows in sufficient quantities to maintain year in and year out dependable agricultural production. The topography of the Mountain and Plains States of the West is such that, in order to utilize available water supplies of the rivers and streams, it is common practice to convey water from one basin to another. This is necessary if the water is to be utilized to bring land and water resources together in an arid or semiarid region. In Colorado there are a number of irrigation projects which export water from the Colorado River Basin to the Arkansas and Platte River Basins. The Platte is a tributary of the Missouri River. One project now under construction in that State will convey 310,000 acre-feet annually from the Colorado to the Platte. The great Metropolitan project in California conveys large quantities of water from the Colorado River Basin to the Los Angeles coastal area. A project is now under study to take approximately 1,000,000 acre-feet annually from the Colorado River to the Great Basin in Utah. These are only a few of the examples of this practice. The legality of such conveyance of water from one basin to another has been upheld by the decisions of the supreme courts of a number of States, and by the Supreme Court of the United States.

#### CONGRESS MUST FIX THE PATTERN

The brief review which I have made of the needs in one State, North Dakota, of the Missouri Basin for the use of water to stabilize existing agriculture and the plans which have been made to accomplish this objective indicate the far-reaching effect of any scheme of comprehensive development of a large river basin. It has been said that in the arid West land problems merge into water prob-

lems, and land and water problems merge into human problems. This is only another way of saying that in the arid and semiarid regions of the West, agriculture, which is basic to the growth of the region, is dependent upon the wise utilization of the limited water supplies. The bringing of land and water together, therefore, is a part of the making of the economic pattern. The making of this pattern involves consideration of the use of water for various purposes. It follows that when Congress has under consideration the authorization of major projects, which fit into a scheme of ultimate development, more is involved than mere project authorization. Congress in that case is engaged in dealing with the utilization of a vital natural resource which in a large measure will determine the economic future for large areas of the Nation. In casting this pattern Congress would not be meeting its responsibility if it limited its considerations to a single project, the desirability of it for a limited area, or its adaptability to meet a single water use. In any plan of ultimate river development, any specific improvement must be considered in relation to other desirable improvements, and the use of water provided by one must be weighed and considered in relation to the use of a limited water supply to meet other purposes. The finality of such action by Congress and its serious import is realized when we remember that the Supreme Court of the United States has said that—

"It is for Congress alone to decide whether a particular project, by itself or as part of a comprehensive scheme, will have such a beneficial effect on the arteries of interstate commerce as to warrant its authorization and construction."

Such power, the Supreme Court states, is so unfettered that the judgment of Congress is conclusive.

It should be noted that the Supreme Court was here referring to navigation and flood-control projects authorized by Congress pursuant to its power to regulate commerce among the States. It is by virtue of this power, expressed in the commerce clause of the Federal Constitution, that projects for navigation may be authorized. The courts have held that the power to regulate commerce includes power over navigation. Power over navigation in turn encompasses the power in the Congress to provide improvements in the interest of navigation.

#### CONTROVERSY BETWEEN IRRIGATION AND NAVIGATION

For Congress to authorize navigation projects, involving expenditure of many millions of dollars, it is necessary that there be a finding that the water supplies are available to maintain navigation capacities. It would be folly to act otherwise. Therefore, when Congress authorizes such a navigation improvement it thereby extends the Federal jurisdiction over waters of a particular waterway for the purpose of serving the ends of commerce. This in effect dedicates given water supplies of a river basin to navigation purposes and strikes down the use of such water under State laws for beneficial consumptive uses. Beneficial consumptive use purposes are understood to mean uses of water for domestic, irrigation, and industrial requirements. In the absence of any act of Congress to the contrary, navigation uses of water, to the extent needed to maintain navigable capacities for a project authorized by Congress, is given a preferential position.

It was freely admitted at the hearings before the Commerce Committee, by many appearing in behalf of navigation—even by the Chief of the Corps of Army Engineers—that the use of water in arid and semiarid sections of the country for domestic, irrigation, and industrial purposes should be given a preference over the use of water for navigation. Of course, this position was taken and strongly urged by those who appeared at the hearings in behalf of the irrigation interests

of the West. I have always held, and now strongly urge, that position. To take any other position would mean to disregard the highest use of water in the national interest as well as for the welfare of areas largely dependent upon water to stabilize existing economy.

It follows that if Congress is to avoid the preferential use of limited water supplies in the interest of navigation, and if protection is to be accorded the use of water for irrigation and other beneficial consumptive use purposes in the arid and semiarid sections of the country, there must be imposed some restriction or limitation in the authorization of navigation projects which constitute a part of a scheme of comprehensive development of a river basin. Since Congress has the power to authorize projects in aid of navigation under the commerce clause of the Constitution, it has power to determine in what manner this power will be exercised. The commerce clause gives Congress the right to regulate commerce among the several States. The right to regulate includes the power to prescribe conditions and restrictions. This is not in any sense the giving up of any Federal jurisdiction; but a determination of the extent to which its power is to be exercised within the field of Federal jurisdiction under the commerce clause. Surely, Congress may prescribe that its power shall not be exercised to the detriment of rights to the use of water for beneficial consumptive purposes, under whatever law those rights might be asserted.

#### THE O'MAHONEY AMENDMENT

For the reasons which I have set forth I cannot too strongly assert that the provisions of the amendment offered by Senator O'MAHONEY, myself, and others, to this rivers and harbors bill which gives primacy to the use of waters arising west of the 97th meridian for domestic, irrigation, mining or industrial purposes is sound in principle, is necessary in this bill, and its passage represents a proper exercise of a constitutional power of Congress.

Much was said in the hearings before the Commerce Committee as to whether the authorization of the navigation improvements sought in this bill will create a conflict between the uses of water for navigation and irrigation. It is clear that there is a difference of opinion among engineers who appeared before the Committee as to such conflict. This alone is sufficient to indicate that caution and reason should move Congress to provide against a future conflict of this nature. This is especially true when the one navigation project appearing in this bill is a part of a comprehensive scheme of development. The entire framework of such a comprehensive plan is sought to be authorized in the flood control bill which is now before the Senate. In addition the Bureau of Reclamation which is charged with the planning, construction, and operation of projects in the interest of irrigation has filed a report with Congress, which provides a plan different in many respects from that submitted by the Army engineers. The conclusions of engineers, no matter how capable they may be, are not infallible. It seems only wise that in the interest of caution and consideration of the future welfare of all sections of a river basin that Congress establish certain principles which must be recognized by agencies of the Government in making plans for ultimate river development. This is even more important when we consider that the use of water arising west of the 97th meridian for navigation purposes precipitates conflicts between Federal and State jurisdictions. These conflicts should be avoided if possible. It is within the power of Congress to prevent such conflicts.

It is unfortunate, indeed, that agencies of the Federal Government have not in this instance come before the Congress with in-

tegrated plans for the development of a major river basin. The fact that the Army engineers in this case have not done so is ample reason for the directive contained in this amendment to coordinate their plans with those of the Department of the Interior and to consult with, and obtain the views of, interested States. If that had been done before the Congress was asked to act this controversy on the Missouri River over a plan of development may well have been avoided. Furthermore, the fact that this was not done made it necessary for irrigation interests to appear before the Commerce Committee and urge the favorable consideration of the so-called O'Mahoney amendment to the rivers and harbors bill.

#### INEQUITY OF DISTRIBUTION

There is another consideration which must not be disregarded. The authorization of projects which may demand water for navigation for the benefit of a lower group of States from other States located in an arid or semiarid region may well have the effect of bringing about an inequitable apportionment of water among States. After all the waters of a State represent a natural heritage. They are a part of the natural resources of a State. An interstate river is the common treasure of all the States through which it flows, but to enjoy this treasure it must serve its highest purpose and benefit the area through which it passes. To deprive any State of the flow of its rivers required to maintain and advance its agricultural economy, in order to maintain navigable capacities in other States, creates inequities which the Congress should not permit.

#### CREATING NEW WEALTH

I do not propose to indulge in a discussion of various economic comparisons of the use of water for navigation and for irrigation. However, we cannot lose sight of the fact that in an arid region successful agricultural development is wholly dependent upon irrigation. On the other hand transportation is afforded by means other than navigation. Furthermore, the requirements for water to maintain navigation can be greatly reduced through altered and extended improvements. And we must note also the fact that the irrigation of land creates new wealth, whereas the benefits to navigation can be reflected in the Missouri Basin only by the reduction in freight rates. May I also indulge the suggestion that the cities and towns on the Missouri seeking navigation improvements may well realize more substantial benefits in the future if they encourage and support the stabilization and advancement of agricultural production within their trade territories.

#### CONGRESS ALONE MUST SETTLE QUESTION

It came as a surprise to me, as it must have been to others, that the Army engineers suggested at the hearings on this bill that they should be left free to adjust conflicts between the uses of water for navigation and irrigation. They seem to admit, as I have stated, that where there was a conflict irrigation should be accorded a priority. And yet they were unwilling that protection to beneficial consumptive uses of water should be written into the law. They asserted that they had never made demands against domestic or irrigation uses to maintain navigable capacities. They apparently wished to leave the impression that they would not ever do so or would be called upon to do so. It should be remembered that the fact, if it is a fact, that they have never called upon irrigation to release water for navigation does not offer any security to the irrigation farmer in the future. We are only now planning for the ultimate development in major river basins. It is these plans for comprehensive developments which sow the seed for serious conflict between the two uses of water. I strongly submit that it is not for the Corps of Army

Engineers or any other Federal agency to exercise supreme control over such conflict. This is a function of the Congress. It should be a matter of law based upon formulas and principles prescribed by Congress. The action agencies such as the Corps of Army Engineers should be directed to formulate their programs of river development in accordance with such a law. The irrigation farmer, if he is to successfully pursue his agricultural enterprise, must have a status which the law protects and not be subject, in such matters, to the rules and varying policies of a Federal agency. This in essence would amount to encouraging the expansion of bureaucracy and its power over the States in the most extreme measure.

I do hope our just cause, as it is represented by the amendment which Senator O'MAHONEY and others of us have offered may have the complete understanding of my colleagues, and that they will help us save our advantages for our States in the upper Missouri Valley.

[From the Minot (N. Dak.) Daily News of June 6, 1944]

#### STAR TAKES SELFISH SECTIONAL VIEW

The Kansas City Star is throwing dust against the wind when, in opposing use of Missouri waters for extensive irrigation in the upper basin, it deplores the use of Federal funds for projects which it says would enable upstream farmers to "get free water from reservoirs built by the people's money for other purposes."

You see, the Star is a bit brazen in speaking for the navigation interests downstream. It implies that it is entirely righteous and holy for the Federal Government to provide "free water" for a subsidized system of river transportation, yet wholly inexcusable to help farmers in the Plains States use water originating in these States for irrigation of their fertile but thirsty land.

Is there a greater need, a more justifiable need for the nine-foot channel than for water to stabilize the agriculture of States upriver? That is the real question, and the Star does not discuss it.

In raising a question as to whether there is any justification for more irrigation in America, the main argument of the Star turns out to be an appeal to sectional, selfish interests. It is an attempt to frighten the agriculturists of the older farm belt States into imagining that they would suffer dire consequences if 4,000,000 more irrigated acres were added to the Nation's wealth-producing capacity.

Defeatism of a kind which would shrivel the United States into a fenced-off island of regressive corn-eaters is present, or implied, in the Star's position. It is a confession of disbelief that America still has the possibilities of growth. It is, in the last analysis, an espousal of the philosophy which justified the killing and burial of a certain percentage of our pig crop. It is an appeal, moreover, to the short-sighted fear that if the have-not people are given a chance, the people-who-have must necessarily suffer. The Star says, in effect, that "us" who have rain to grow crops must not let anybody else have the blessings of dependable water supply.

#### WIDE OPEN FIELD

America has a future, if we have the courage to shape it. There are new frontiers. One of them is in the field of technology as applied both to processing industries and to agriculture. A phase of this frontier is water use and reclamation. It offers us the means of creating more wealth than we have had to provide a richer living than we have had for more people than we have ever had before. But we shall not be able to open this frontier, and other new frontiers, as long as we are afraid to let America expand its wealth-producing capacities.

The new frontier in reclamation, if we have the courage to see it through, is one of the open roads by which the wealth of the whole Nation may be enhanced, without detracting from anyone.

The Star unveils the old picture of agricultural surpluses, while at the same time suggesting that "the total crop production of the new irrigated land might amount to only 1 or 2 percent of the national production." It might have admitted that the proposed irrigation of some 4,000,000 acres for the stabilizing of an already existing and vitally necessary agriculture in the States of the upper basin does not threaten the Nation with any new bogey.

After all, the farmers of Missouri know that there is a good deal of "bogey" in what we call agricultural surpluses. They know that whether surpluses are real and demoralizing, or artificial and remediable, depends upon a complex of factors in which various national policies play an important role. Whether one is for high tariffs or low, he can see the point fairly taken that to a great extent our agricultural surpluses of the pre-war days in America were "imported surpluses" and, therefore, to a certain degree, artificial rather than real. Neither the Kansas City Star, nor anyone else, knows with any certainty what agricultural surpluses there will be, great or small, in the post-war era. But we all know that there are trends which are heartening. The American people, even in wartime, are being educated in the direction of better nutrition and of greater consumption of the health-building foods produced on the farm.

We are finding ways and means to overcome what is called underconsumption. At the same time we see grounds for hope that an era of freer international trade will follow the war and that this freer exchange of goods may not be wholly adverse to agriculture. Besides, we know that new outlets for the staple products of the farm are being found in industry, in the fields of plastics and synthetics. We know that new crops, not previously grown, are finding new markets. Even if these things do not fully solve the problem immediately, we know that the American people, whether they live in Missouri or in North Dakota, have yet a store of faith in the country. And, whether we like some of the methods that have been used, or not, we know that the Government of the present age, in America, has developed certain ways and means of alleviating some forms of economic maladjustment, and that agriculture was one of the earliest beneficiaries of this new activity of government. The Nation is committed to the idea that it is justifiable to use the powers of government for this purpose when it is to the best interests of the country to adjust the balances.

#### NATIONAL WELFARE AN ISSUE

The Star is right in implying that the merits of the proposal to improve agricultural stability in the upper basin of the great Missouri must stand or fall on the question of whether it promotes the national welfare. It is short-sighted, and wrong, in leaping hastily to the conclusion that the Nation's best interests would not be served thereby. We believe that we can suggest several lines of approach to this issue, any one of which, if followed through, will convince the doubters that the plan to expand irrigation in the Missouri Basin is amply justified.

In the first place the States of the upper basin are not parasites upon the Nation. Their agriculture, although handicapped and cheated of dependable reward for its labors, is an essential source of the Nation's food supply. Even in the drought period of 1930-39, the upper Plains States—the Dakotas, Montana, Wyoming, Colorado, Kansas, and Nebraska—produced 41.5 percent of the Nation's wheat, 43.4 percent of the Nation's barley. In 1941 they produced 51.7 percent of



the Nation's wheat, 50.4 percent of the Nation's barley, 61.9 percent of the Nation's rye, and 32.7 percent of the Nation's wool. This production record is the more remarkable when, as Dean H. L. Walster, of the North Dakota Agricultural College, points out, "This tremendous job of filling the breadbaskets and granaries of the Nation was performed by 7.4 percent of the farm people of the Nation." Yet the lack of dependable moisture, year in and year out, is causing the States from which the Nation derives the great portion of its finest Hard Spring wheat to lose heavily in productive manpower. Its past record in production of crops vital to the country justifies the view that the Nation as a whole has a stake in the maintenance of this productive capacity.

Interestingly, the proposed irrigation projects in the upper basin are from the standpoint of the geography of the country "a natural" for giving this important region a backbone of agricultural stability. The upper Missouri runs right through the middle of those States which have suffered worst from lack of dependable moisture. The irrigated sections are widely distributed. It would be difficult to conceive of a situation in which the benefits of irrigation from a great river would be more widely distributed to aid a larger proportion of the people of a distressed region. But as the Kansas City Star well knows, the Missouri and its major tributaries flow through many States, and the problem of harnessing these now-wasted waters is too great for the States severally to work out. To achieve the possible benefits of this great natural opportunity for conservation is a task for the National Government.

#### AN INSURANCE POLICY

It would be possible, we believe, to justify the upper Missouri irrigation projects solely as an insurance policy against the recurrence of conditions which, during the 1930's, made it necessary for the Federal Government to spend many millions of dollars for the relief of families made destitute by drought. In one of these counties alone, a county which would be directly served by irrigation, the cost of public relief in 1 year (1938-39) exceeded \$1,000,000.

We have rightly come to a stage of development in America where we regard it more and more the main job of democracy to achieve a rich and satisfying environment for the human resources of the Nation. Farming, whether it is in Missouri or Ohio, or Georgia, has ever been the foundation of American life. We reject wholly the idea, suggested in the Star's argument, that a great America can ever have too many farmers. Farming is a way of life that is congenial to the democratic system. When it can be made sufficiently stable to provide a sure foundation for home and family life, it is a way of living to be encouraged as socially gainful, even if the economic balances have to be adjusted to insure the produce his due share of the wealth created by his effort. While there are many details yet to be worked out with respect to the planning of these irrigation projects, the farmers of Missouri may rest assured that when the projects are completed, the operators will be working on units of a size and character which will provide the basis of a good subsistence according to American standards of independent living. There will be room, then, in the Plains States for a considerable number of new families of people who want to live by farming but who, today, cannot find land where they can make a living.

The scope of the proposed developments in the Missouri basin, including the multiple aims of flood control, water storage, navigation, and irrigation, is wide enough to suggest that, with irrigation not ruled out, they will provide an undertaking which, in its construction and reconstructive phases,

will help the Nation to keep its employment level high in the years after the soldiers come back home.

#### MORE THAN IRRIGATION

Finally, it must not be forgotten that the plans of the reclamation interests in the upper basin include a good deal more than the irrigation of 4,000,000 acres of land now devoted to dry-land farms. They provide the means for renewing and enlarging the municipal and industrial water supply of cities and villages and farming areas in a much larger territory than is represented by the number of acres to be irrigated. In that respect, the proposed developments represent a part of a nation's efforts to conserve its ground waters and to make better use of water supplies which are being wasted. More and more, the Nation is recognizing that in all parts of the country its ground waters are being wastefully tapped and misused. This cannot but become a Federal problem in some of its phases. It will be wasted water, for, which the lower basin States do not now derive benefit but rather losses through floods, which will give the upper basin new life-restoring water lines, if the reclamation projects are carried to completion.

Is there a need for the reclamation program outlined for the upper basin States, including the 4,000,000 acres of irrigated land? Yes, for the reason that the future of the Nation demands that its resources be conserved, wherever they are, and turned to constructive uses which will serve the greatest good for the greatest number. Yes, because the natural features of the upper basin make it possible to turn the waste flow of the Missouri into ditches which will carry sure moisture and fresh-water supply to the farms and homes of the largest number of families ever reached by a water-diversion program. It will give the stability that irrigation alone can give to an essential agriculture which has had no greater problem than lack of water, and which has been periodically driven to destitution despite the most valiant persistence. By sending out fingers of water over a stretch of valley land from Fort Peck to Sioux City, it actually will put a substitute for raindrops on 11 percent of the tillable basin land in that area. We cannot believe that the farmers of the lower basin would deny their neighbors to the north the benefits of this substitute for rain, so vital to so great a region, when the denial would not deprive them of any usable water which they are now getting.

#### MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Acting President pro tempore:

S. 754. An act for the relief of Iver M. Gesteland;

S. 891. An act for the relief of Rebecca Collins and W. W. Collins;

S. 1081. An act to add certain lands to the Upper Mississippi River Wild Life and Fish Refuge;

S. 1093. An act for the relief of Fermin Salas;

S. 1102. An act for the relief of Helene Murphy;

S. 1112. An act for the relief of Taylor W. Tonge;

S. 1247. An act for the relief of the Bishopville Milling Co.;

S. 1281. An act for the relief of Rebecca A. Knight and Martha A. Christian;

S. 1305. An act for the relief of Anne Rebecca Lewis and Mary Lewis;

S. 1335. An act to amend the fourth and fifth provisos of section 2 of the act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," approved February 25, 1920 (41 Stat. 437, 438; 30 U. S. C., secs. 201, 202);

S. 1355. An act for the relief of Robert C. Harris;

S. 1416. An act for the relief of Mrs. Judith H. Sedler, Administratrix of the estate of Anthony F. Sedler, deceased;

S. 1553. An act for the relief of J. M. Miller, James W. Williams, and Gilbert Theriot;

S. 1660. An act granting the consent of Congress to the Minnesota Department of Highways and the county of Crow Wing in Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at Mill Street, in Brainerd, Minn.

S. 1682. An act to provide for the payment of compensation to certain claimants for the taking by the United States of private fishery rights in Pearl Harbor, Island of Oahu, Territory of Hawaii;

S. 1837. An act for the relief of Lt. (Jr. Gr.) Hugh A. Shiels, United States Naval Reserve;

S. 1944. An act to amend the act entitled "An act to provide books for the adult blind";

H. R. 3236. An act to provide aid to dependent children in the District of Columbia; and

H. J. Res. 242. Joint resolution to amend an act entitled "An act to protect the lives and health and morals of women and minor workers in the District of Columbia, and to establish a minimum wage board, and define its powers and duties, and to provide for the fixing of minimum wages for such workers, and for other purposes", approved September 19, 1918, as amended.

#### EXTENSION OF PRICE CONTROL AND STABILIZATION ACTS

The Senate resumed consideration of the bill (S. 1764) to amend the Emergency Price Control Act of 1942 (Public Law 421, 77th Cong.) as amended by the act of October 2, 1942 (Public Law 729, 77th Cong.).

Mr. WILEY. Mr. President, I send to the desk a proposed amendment to the pending measure, which would, on page 13, line 24, change the word "paragraph" to "paragraphs" and insert the following:

No action shall be taken under authority of this act with respect to an increase in any wages or salaries in any case in which such increase has been agreed upon by the employer and employee and will not result in the payment of wages or salaries at a rate greater than \$37.50 per week. For the purpose of the preceding sentence, if the employee ordinarily works overtime and extra compensation is paid therefor, such extra compensation shall be included in determining the rate of wages or salaries paid.

Mr. President, I desire briefly to state the purpose of this amendment and at the appropriate time to call it up. It will be noted that the total amount of wages that could be paid, including regular wages and overtime, would be \$1,950 a year; that would be the top wage. There are literally thousands of cases affecting people who are not engaged in war work where both the employer and employee have reached an agreement on wages. At the present time they have to file an application with the regional office of the War Labor Board in Chicago. Cases have piled up and no decision reached, and consequently, a good many people engaged in private business, not war work, are losing their help because they cannot pay the wages they want to

pay to the employees. This is particularly true in the case of lumber yards and elevators; indeed, of practically every line of business.

So my contention is that in order to afford relief and also to take care of the 20,000,000 in the white-collar class, such as school teachers and clerks, who are not now deriving benefits from war expenditures but are living under reduced standards of living, such an amendment as I propose should be adopted. It would give employers an opportunity to pay such persons more wages because of the increased cost of living, without going before the War Labor Board. The only relief which under the present law can be granted without W. P. B. approval is in cases where the employee receives less than 40 cents an hour his compensation can be increased to 40 cents an hour. Under my amendment the employer and employee could agree and a raise in salary or wages could be effected without W. P. B. approval up to \$1,950 a year.

This thing is a matter of such serious consequence that I felt I would not be trespassing upon the business of the Senate if I made a few prefatory remarks at this time.

There are instances of school teachers, of city employees, of store clerks, of factory workers—the white collar class—whose numbers run up to 20,000,000, who have literally had their earnings sabotaged in the war effort because their compensation could not be increased and living costs have gone up.

The argument may be made of course, that if their compensation is increased, it will tend to contribute toward inflation. To that, Mr. President, I say "No." Anyone who lives on a substandard basis in wartime, when the national income has run up to \$135,000,000,000, is entitled to have at least a little increase in his earnings, and such an increase will not contribute toward the inflationary trend.

Let us do justice to the white-collar class of America. My amendment will do that.

I ask that the amendment be printed and lie on the table.

The ACTING PRESIDENT pro tempore. Without objection, the amendment will be received, printed, and lie on the table.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Clark, Mo.	Hill
Austin	Connally	Holman
Ball	Cordon	Jackson
Bankhead	Danaher	Johnson, Colo.
Barkley	Davis	Kilgore
Bilbo	Downey	La Follette
Brewster	Eastland	Lucas
Bridges	Ellender	McClellan
Burton	Ferguson	McFarland
Bushfield	George	McKellar
Butler	Gerry	Maloney
Byrd	Gillette	Maybank
Capper	Guffey	Mead
Caraway	Gurney	Millikin
Chandler	Hatch	Moore
Chavez	Hawkes	Murdock

Murray	Stewart	Wallgren
Nye	Taft	Walsh, Mass.
O'Daniel	Thomas, Idaho	Walsh, N. J.
Overton	Thomas, Okla.	Weeks
Radcliffe	Thomas, Utah	Wheeler
Reed	Tobey	Wherry
Reynolds	Truman	White
Robertson	Tunnell	Wiley
Russell	Vandenberg	Willis
Shipstead	Wagner	Wilson

Mr. HILL. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] are absent from the Senate because of illness.

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from Florida [Mr. ANDREWS], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Arizona [Mr. HAYDEN], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are detained on public business.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Florida [Mr. PEPPER] are necessarily absent.

Mr. WHERRY. The following Senators are necessarily absent:

The Senator from Illinois [Mr. BROOKS], the Senator from Delaware [Mr. BUCK], the Senator from North Dakota [Mr. LANGER], and the Senator from West Virginia [Mr. REVERCOMB].

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the committee amendment, beginning on page 11, line 20, relating to cotton textiles.

Mr. LA FOLLETTE. Mr. President, is the amendment referred to by the Chair the amendment which has been heretofore under consideration?

The PRESIDING OFFICER. Yes; section 201.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gerry	Radcliffe
Austin	Gillette	Reed
Ball	Guffey	Robertson
Bankhead	Gurney	Russell
Barkley	Hatch	Shipstead
Bilbo	Hawkes	Stewart
Brewster	Hill	Taft
Bridges	Holman	Thomas, Idaho
Burton	Jackson	Thomas, Okla.
Bushfield	Johnson, Colo.	Thomas, Utah
Butler	Kilgore	Tobey
Byrd	La Follette	Truman
Capper	Lucas	Tunnell
Caraway	McClellan	Vandenberg
Chandler	McFarland	Wagner
Chavez	McKellar	Wallgren
	Maloney	Walsh, Mass.
	Maybank	Walsh, N. J.
	Mead	Weeks
	Millikin	Wheeler
	Moore	Wherry
	Murdock	White
	Murray	Wiley
	Nye	Willis
	O'Daniel	Wilson
	Overton	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

Mr. ELLENDER. Mr. President, I desire to make a few remarks in opposition to the pending amendment. I dislike to disagree with my leader, the Senator from Alabama [Mr. BANKHEAD] on legislation that affects our farming population. Ever since I have been in the Senate, I have followed his leadership, and it has been only on a few occasions that we have differed.

I am of the firm belief that it would be a mistake for the Senate to adopt the so-called Bankhead amendment. It will not aid the cotton farmer but will tend to break down our stabilization program, and some of the real sufferers will be the tillers of the soil.

We have made splendid progress up to now in stabilizing our economy. We had rough roads to travel on soon after the Price Control Act was adopted by the Congress. It was a new venture for the American people. We had to chart our own course. Many of our citizens did not cherish the idea of having so-called bureaucrats write rules and regulations saying how they should or should not operate their businesses. But as a war measure price control and rationing of commodities were necessary, and I am certain that the program has resulted in making it possible for us to more quickly prepare ourselves to fight the Huns and the Japs.

Mr. President, the figures show that the cost of industrial material rose 165 percent during World War No. 1 in contrast to a rise of only 22 percent during World War No. 2. The cost of steel plate rose 700 percent during the last war in contrast to zero during this war. The program has meant a saving to our Nation and our people as has been estimated and stated on many occasions of almost \$100,000,000,000. The effect on production has been very striking. Production in our industries rose during this war 130 percent in contrast to only 25 percent during World War No. 1. Agricultural production rose but 5 percent during World War No. 1 in contrast to 21 percent during this war.

Mr. President, I maintain that this marvelous showing is attributable to our stabilization program. Industry knew where it was headed and could make plans far ahead. The figures show that American industry made big profits notwithstanding price control and rationing regulations. Profits rose 156 percent above those that were made during the 4 years preceding the war. All shared in the profits and no substantial group made less than those that prevailed before the war. Farm income under this stabilization program also rose, as has been shown on many occasions. Here are the figures: In 1940 the net returns for farmers was \$4,500,000,000; in 1942, \$10,000,000,000; in 1943, \$13,000,000,000; and probably as much as \$15,000,000,000 in 1944. Mr. President, we cannot afford to destroy those gains. We must and should renew the Price Control Act without crippling it.



We cannot afford now to select any particular group and allow it to have advantages which other groups do not enjoy. As I interpret the pending amendment there is absolutely no doubt in my mind that that is what would occur. The cotton textile business will be in a class by itself. There is no question but that other manufacturers would like to have the formula which is written in the Bankhead amendment applied to the operation of their businesses. Why do I say that? The amendment is plain in stating that for textile manufacturers three rigid factors are incorporated in the bill so as to determine cost and profits. The first is the cotton factor, the price of the raw cotton. Under that heading, in fixing the price of the material or the yarn, the parity price of raw cotton must be taken into consideration. Mr. President, that is now the law. The Bankhead amendment does not provide that parity shall be paid to the farmer but only that the parity price of raw cotton shall be considered in fixing ceiling prices of the cotton yarn. The computation must be made every other 60 days.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MURDOCK. I think the statement just made by the Senator from Louisiana, namely, that the price of the material must reflect parity, is a little misleading. The situation created is simply that regardless of the cost of cotton, in figuring the maximum price for textile products the O. P. A. must deem that the parity price was paid, regardless of whether it actually was paid.

Mr. ELLENDER. That is true; but the ceilings fixed must be high enough so as to enable the textile mills to pay parity.

Mr. MURDOCK. I think the Senator's use of the words "must reflect parity" was a little misleading. That is why I interrupted.

Mr. ELLENDER. When prices on textiles were fixed in May 1942, the market price of cotton, as I recall the figure, was 19.2 cents a pound. Within a few months the price of raw cotton reached parity. The mills paid parity through April of 1943, and the price has not changed much since that time. The price, as I recall, was around 20.3 cents per pound at its height. Now, when the parity index rose it was only then that the mills failed to pay the increased parity price for raw cotton.

There is one sufficient reason for the present situation, that mills do not have to pay parity although they easily could under their price ceilings. We have now a supply of cotton of sufficient size to last our mills a whole year, even though not one pound of cotton was secured from the coming cotton crop that will begin to mature in about July of this year. We have a large surplus on hand—a carry-over of 10,600,000 bales—and the law of supply and demand, of course, has and will continue to keep the price down close to the loan value of cotton, regardless of what the mills can afford to pay.

I can demonstrate in my own case what the law of supply and demand

caused to my potato crops of 1943 and 1944, respectively.

Last year, on my farm in Louisiana, I produced about 6,400 bags of potatoes. The demand was enormous. I could have obtained for those potatoes \$5 a hundred on my farm had I desired to violate the law. I was paid ceiling prices on every pound that I produced. This year we had a ceiling price on potatoes, as we had last year. The only difference was that the ceiling was a little lower in 1943 than in 1944. In 1943 it was \$2.80 per 100 pounds, and this year it was \$3.25; but because of the supply, because there were more potatoes to sell, than there was demand, at the time I sold, I did not receive \$3.25, which was the ceiling price. The average price paid me was only \$2.54. The reason for that was that the supply was greater than the demand. Later in the season the prices of potatoes took a sharp advance because the expected crop production in some areas was far below previous estimates.

There is only one reason why the mills are not operating at full speed, and that is lack of labor. Let me read from a news item which was published in the Times-Picayune, a daily newspaper published in New Orleans, in its issue of June 5, 1944, under an Atlanta date line of June 4:

ATLANTA, June 4.—Continued and intensified labor shortages, complicated by a shortage of carding facilities, was predicted for the Southern textile industry by the Atlanta Federal Reserve Bank.

"Even after the conclusion of hostilities, the textile mills of the (sixth) district will probably have difficulty meeting demands unless a substantial expansion program is undertaken," the bank's monthly review said, but added doubt that such an expansion program would be justified in the long run.

The bank said the industry, largest single employer of labor in the district, had been dropping in production since 1942 and attributed this to a shortage of manufacturing capacity in certain lines and failure properly to maintain plants. The labor shortage has been apparent only for the past year or so, the bank said.

"It has been impossible for the industry to maintain its labor force at the necessary size because wages have usually been substantially below those paid by new wartime industries in adjacent localities," the report added.

Absenteeism, described as avoidable, was blamed for much labor trouble. The bank attributed this to lack of housing, shortage of day-care facilities for children of working mothers, transportation troubles, shopping difficulties, and the shortage of domestic servants.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BARKLEY. I call attention to the fact that the bulletin of the Boston Federal Reserve Bank, commenting on the same situation as applied to textile manufacturers, made substantially the same statement as that contained in the Atlanta report.

Mr. ELLENDER. I thank the Senator. There is no question in my mind that the main reason why cotton textile mills are not running to capacity is because of labor shortage, as I have just indicated. Since the textile mills can buy all the cotton they want, they do not need to

buy in advance and fill their warehouses. The supply is so great that they need not beg for it, and that is the reason why the price of cotton has not gone up. The fact that less cotton is consumed by the mills because of labor shortage means that our already big surplus has increased.

I am among those who favor paying the farmers parity for their cotton. I have been fighting for them ever since I first took my seat in this body. In my judgment the amount which may be borrowed on cotton should be increased from 90 to about 95 percent, as the bill now provides. In my opinion that would give the farmer parity prices whereas the formula written in the amendment would only increase the cost of textile goods and the mills' profits. That is all that the pending amendment would accomplish as I have previously indicated. Without in any manner casting any reflection on the author and the supporters of this amendment, I contend that the amendment can be tagged as a textile amendment, that is, one for the benefit of the textile mills, and not in the interest of the farmers.

With the assured increase in the price the farmers may receive for their cotton, they will have to pay much more for what they need. The clothing bill for themselves and their children will advance by leaps and bounds and, over a longer period, not only their clothing bill either.

Mr. President, in that connection let me cite a few figures to show the percentage in increase in what the farmers received for all their commodities during this war in contrast to World War No. 1. In World War No. 1 the percent price increase was 98 and during this war 120 percent. Now let us see what farmers paid in terms of percentage increases for commodities they purchased, plus interest and taxes during World War No. 1 and World War No. 2. During World War No. 1 the percentage increase was 70 and during World War No. 2 only 38 percent. In other words, prices farmers received for their products rose 22 percent more during World War No. 2 than in World War No. 1, and the prices they pay rose 32 percent less during World War No. 2 than during World War No. 1. I attribute this showing to price control and our stabilization program.

Mr. President, I will now discuss the second factor contained in the amendment—that is, the manufacturer's cost. How is that to be arrived at? Is it proposed to take the costs in all the mills of the country on each item and strike an average and let the average apply to all? (Not that I am advocating that plan.) Oh, no. It is proposed to take a uniform figure purportedly representing all costs of manufacturing and marketing each item or yarn. This figure must be high enough so that it will cover all the costs of the highest cost manufacturer among the manufacturers of at least 90 percent by volume of each item or yarn. Not the average, but the highest-cost manufacturer.

What is the effect of this formula? A trick has, I think, been played on many of the amendments' sponsors, as well as on the American public. Here is how the formula will operate.

Different mills produce various textile items at very different costs. The high-cost producer of one item is often a very low-cost producer of another. Almost all mills produce some items at relatively low cost, and in peacetime almost every mill produced some item without profit or even below its total cost in order to round out its line and keep its plant fully occupied. The peacetime market never set a price on the basis of the cost of the least efficient producers of a particular item. The mills which were reasonably efficient in producing that item set the going price, and the high-cost producer of that item made his profits out of others he could make more efficiently.

The present textile ceilings reflect these characteristics of the industry. They reflect, as they should, the fact that most mills make up on some items for the narrow profits they may make on others. The mills are making very large aggregate profits now. Yet, since the proposed amendment would not permit the OPA to consider any mill's low-cost of production on other items in setting the ceiling on any given item, practically all textile ceilings would have to be raised substantially, despite these very large profits. The contention of the sponsors of this amendment that OPA will be able to reduce the prices of some textiles out of the present large profits of the mills is not correct. All the ceilings must be kept high, and almost all of them raised, to meet the high costs of the inefficient producers of each item.

Let me illustrate, Mr. President. Let us take three producers, Jones, Smith and Brown, each of whom is making very good profits at present. Jones is a high-cost producer of chambray, but a low-cost producer of denims and print cloth. Smith's only high-cost product is denims. Brown's high-cost item is print cloth. OPA would have to set the ceiling on chambray at Jones' high cost plus a profit; the ceiling on denims at Smith's high cost plus a profit; the ceiling on print cloth at Brown's high cost plus a profit. Jones would thus be guaranteed a good profit on his high-cost chambray and would make a killing on denims and print cloth. Similarly Smith would make a killing on both chambray and print cloth, and Brown would make a killing on chambray and denims. In other words, they would all three make a killing, and there would be absolutely no way of reducing any of these prices despite this gross profiteering. All because, instead of the prices being fixed on the costs of reasonably efficient production, they would have to be fixed on the basis of inefficient production.

Note, Mr. President, that this amendment will not even have the merit of increasing the mill's consumption of cotton or encouraging the production of

needed types of textiles at the expense of the unneeded. Total textile production, as I have shown, cannot be increased, for the manpower is simply not available. The amendment will not even shift the relative ceilings on different textiles, to encourage more production of essential items, except by sheer accident. The new ceiling prices will be based on the costs of the inefficient producers of each item, and each mill will find it profitable, as before, to produce the items for which its cost is lowest relative to their price ceiling. All ceilings alike will be raised skyward, and neither of the two purported objectives of the amendment—a better price for cotton and a greater supply of essential textiles—will be secured.

Why, therefore, does the textile industry propose this pricing formula? So most manufacturers would be enabled to make profits probably 20 to 30 percent greater than the enormous profits which are now theirs. It would place a premium on inefficiency and modern mills would roll in wealth. Such a scheme is unconscionable. Now let me point out some data as to profits. I read from page 22 of the committee report:

The available figures on mill earnings prove conclusively the unwarranted and inflationary character of the proposed increase. Some industry representatives have suggested doubt about these figures; but they have not come forward with any information which contradicts them, as it is reasonable to believe they would do if the information exists. The firms for which the Office of Price Administration has been able to secure data represent more than one-third of the total production. In 1943 those firms earned an average, before taxes, of 12.5 percent on sales and an average on estimated net worth of no less than 32.9 percent. These earnings compare with an average of 3.5 percent on sales and 4.5 percent on net worth in the peacetime years of 1936 to 1939, which were themselves the most favorable for the industry since the early twenties.

Aside from that, we have a third factor, the reasonable profit item. Bear in mind that the reasonable profit must be given to the highest cost manufacturer of each and every item and again the efficient mills will come in for more profits. Mr. President, there is no telling the extent to which the cost of cotton textiles will be increased. And who will pay for that? The dear public. And as for the farmers, they will receive little, if any, benefits.

The Office of Price Administration will be compelled each 60 days to establish manufacturers' costs and ascertain the cost of each item of yarn and allow a reasonable profit. In fixing the cost of the yarn the parity price of cotton for a period of 60 days will have to be taken into consideration.

The manufacturers' cost will have to be fixed on the basis of a uniform figure for each item. And as I indicated a while ago, the figure must be high enough so that it will cover all costs of the highest-cost manufacturer among the manufacturers of at least 90 percent by volume of each item. In addition to all this, a reasonable profit must be added to the high-cost manufacturer that I have indicated, and whatever

profit may be given to him, irrespective of what it may be, will have to be passed on to the others forming the group that produce 90 percent by volume of each and every item.

If such a formula will not increase the cost of textile products of all kinds, then I do not know what I am talking about. I am satisfied that it will increase the cost of all fabrics. That is why, Senators, as I indicated a while ago, with all due respect to the author of this amendment, and to those who are supporting it, the amendment sounds more to me like an amendment for the benefit of the textile industry than an amendment to help the farmers.

Mr. BARKLEY. Will the Senator yield for an inquiry?

Mr. ELLENDER. I yield.

Mr. BARKLEY. The substance of the amendment is that the O. P. A. must fix ceilings on textile goods sufficiently high to reflect parity on cotton, if the parity is to be paid on cotton.

Mr. ELLENDER. The Senator is correct. The parity price of cotton must be taken into consideration.

Mr. BARKLEY. There is no way by which to compel the textile mills to pay parity. There is no formula which would compel it. Nevertheless, the O. P. A. would be required to fix a ceiling high enough to reflect parity if it were paid.

Mr. ELLENDER. That is correct.

Mr. BARKLEY. In other words, the O. P. A. could not fix a ceiling below what would reflect parity if it were paid. Having a higher ceiling, if the textile mills do not pay parity, their profits will automatically be increased beyond what they are at the present time. Is not that statement correct?

Mr. ELLENDER. The Senator is entirely correct and I believe that I demonstrated that proposition a few minutes ago.

Mr. BARKLEY. I do not understand how there can be any provision in the formula, in the Stabilization Act, or any other act, which would compel the industry to pay parity for cotton, because the O. P. A. cannot even consider cotton until it reaches parity itself.

Mr. ELLENDER. That is what I have already stated to the Senate. The Senator from Alabama is on his feet, and may desire to comment on the question.

Mr. BANKHEAD. I wish first to answer the Senator from Kentucky.

Mr. ELLENDER. Yesterday in debate I asked, if the cost formula is to afford parity to farmers for raw cotton, why is it that the prices of goods manufactured from cotton are to be based for 60 days on parity, and after that time on the market value of raw cotton. It strikes me that if it is to be the purpose—as I understand from the Senator from Alabama it is—to give the farmer parity throughout, parity should be reflected at all times and in all price formulas.

Mr. BANKHEAD. Of course, Mr. President, when Senators do not remain and hear explanations, it is necessary from time to time to repeat them. That statement is true particularly with regard to the absence most of the time



yesterday of the majority leader. I am sure he had official duties which required his absence. However, a great deal of time was devoted yesterday to answering the very question he propounds today. He says that he does not understand why certain things are true, and I am sure he does not understand. However, the Senator should know by now—at least he will know from now on—that, while there is no law under which the mills can be required to pay parity without fixing by law a specific price on cotton, as has been explained here time and time again, if the mills do not pay parity their ceiling prices will be reduced by an equivalent amount.

Mr. BARKLEY. In other words, they would not receive the increased ceiling which the Senator contemplates, but they would not have their present ceiling reduced.

Mr. BANKHEAD. Yes; they would, because their present ceilings are based on the payment of a parity price for cotton. All the evidence of the O. P. A. showed that to be so.

Mr. BARKLEY. Why does the Senator's amendment require that a new ceiling be placed, as though there were no ceiling already placed on cotton textiles?

Mr. BANKHEAD. The amendment does not so require. It provides that in calculating the cost of production, one item of which must be the payment of parity to the farmers, it will be deemed that parity is being paid. The O. P. A. has stated that to be true. It has said that the mills are supposed now to be paying parity, and its present ceilings are based on the ability to pay parity. With the presumption that they are paying parity, there would be no new requirement except that they pay to the farmer the difference between the current market price and what is now being paid. So far as legal obligations are concerned, and the effect of the O. P. A. ceiling prices, the mills are now deemed to be paying parity. The O. P. A. statement, which I read several times yesterday, states that the mills have ample money and ample margin under the ceiling established in 1942 with which to pay not only full parity to the producers, but in excess of parity. The ceilings were originally established upon the presumption that the mills would pay parity. If the O. P. A. had correctly stated the facts to the Banking and Currency Committee we would not have to add anything to the ceiling in order to accomplish the payment of parity. So the Senator's statement simply befuddles the issue. I do not accuse him of being inconsistent.

Mr. BARKLEY. We thrashed the entire matter out in the Committee on Banking and Currency for weeks.

Mr. BANKHEAD. Yes; and the committee voted for the amendment. The committee seemed to have understood it better than the Senator from Kentucky has understood it.

Mr. BARKLEY. I am not certain whether it was the result of better understanding.

Mr. BANKHEAD. The Senator has referred to thrashing the matter out, and

I assume he means that the committee understood it.

Mr. BARKLEY. I believe it is logical to assume that the committee understood it, whether it actually did or not. I would not question the Senator's sincerity with reference to that point. However, what the Senator now is attempting to do is to say to the O. P. A. by his amendment, "While you have fixed the ceiling to justify parity for cotton, purchasers of cotton have not paid parity prices, and therefore by law we compel you to reduce the ceiling on cotton goods unless you raise the price."

Mr. BANKHEAD. That is it exactly.

Mr. BARKLEY. So by law, under the Senator's amendment, we would direct the O. P. A. to reduce ceilings already fixed on cotton textiles.

Mr. BANKHEAD. That is correct.

Mr. BARKLEY. How can we excuse ourselves for not adopting a similar formula for all other manufactured products which are made from cotton?

Mr. BANKHEAD. I do not know of any other agricultural commodity that is not above parity.

Mr. BARKLEY. That may be so now, but there is no way to guarantee that parity will continue either during the war or following the war, and this will be a law until repealed.

Mr. BANKHEAD. That is true, but the escalator clause does not apply to anything except cotton. If the Senator wants to bring in any other commodity that he thinks ought to be brought in he can do so.

Mr. BARKLEY. I am not offering to bring in anything else.

Mr. BANKHEAD. I thought the Senator was complaining that other commodities were not included.

Mr. BARKLEY. I am not complaining because other commodities are not included. I am simply asking how the Senator can justify putting in an escalator clause in regard to cotton without putting in an escalator clause with regard to other items. Other amendments will no doubt be offered dealing even with nonagricultural products.

Mr. ELLENDER. Mr. President, that is what I fear, and that is what I am opposed to, because it will open wide the door, and I know of nothing that will destroy our stabilization program to any greater extent than would this amendment. If we start to show preference for this manufacturer or that manufacturer, all manufacturers will come and ask for similar treatment. Take my own State of Louisiana, a big oil-producing State. It ranks third or fourth in the country in the production of oil. The oil producers are not getting parity for oil. I mean—

Mr. BANKHEAD. What is parity for oil?

Mr. ELLENDER. I do not know off-hand.

Mr. BANKHEAD. The Senator knows that oil has no parity.

Mr. BARKLEY. There are different grades of oil.

Mr. ELLENDER. I am aware of that, but the oil producers are not receiving comparative prices with other industries that are engaged in helping win the war.

Mr. BARKLEY. Let me say to the Senator from Louisiana that the same situation exists in my State, and I have received letters daily for months asking me to vote for an amendment which would fix the price of oil or enable a higher price to be paid for oil.

Mr. ELLENDER. Comparable to the prices other industries are receiving.

Mr. BARKLEY. I am sympathetic with their desire.

Mr. ELLENDER. So am I.

Mr. BARKLEY. Frankly, I feel the increase of 35 cents a barrel recommended by Secretary Ickes might well have been granted. It was represented that the adoption of such an all-over increase would give many producers prices to which they were not entitled. But if some differentiation could be made as between stripper wells, for instance, and other wells, an increase might be justified. I understand the O. P. A. is now working on that proposition and approaching it in a rather sympathetic way. The difficulty, however, is that if we should put amendments on this bill to satisfy everybody whose request for an increase of prices has been turned down we would make Congress a price-fixing agency, and we might as well abolish the O. P. A. and pass a law saying what should be the prices of everything we buy or sell. We cannot any more do that than we can fix railroad rates. We never have attempted to do that by legislation, even in times of peace. We are dealing, it seems to me, with a war situation where somebody must admit that he has got to take some sort of punishment on the chin, if necessary, in order to effectuate the war effort and the war program, while those who are fighting in order that we may even indulge in legislation here, are putting all they have and all they ever hope to have on the altar of their country.

Mr. ELLENDER. There is no doubt that the most objectionable feature of the amendment is that it places the textile industry in a preferred class. As I have said, the three factors for price fixing assure them a profit on each and every item or yarn. Some of those profits in many instances, I should say, would be unconscionable.

Mr. MURDOCK and Mr. LUCAS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield, and, if so, to whom?

Mr. ELLENDER. I yield first to the Senator from Utah.

Mr. MURDOCK. I think, Mr. President, that we must bear in mind all through the debate that Congress has written into the present law, in the most emphatic language, in my opinion, of which we are capable, that ceiling prices on agricultural commodities must be fixed by O. P. A. at a level which must reflect parity to the producer. That is the present law. Now the O. P. A. say what? They say they have fixed those ceiling prices at a level at which the mills can now well afford to pay parity to the cotton farmers, and, in support of that position, the record is replete with figures that show that if the cotton mills

had the right attitude today they could do that and still make a large profit.

Now we are confronted with a proposal so far as cotton is concerned that says what? It says that, regardless of what the mills pay for cotton, during the first 120-day period after the enactment of this act, in fixing ceiling prices—and we admonish the O. P. A. that there must be an adjustment within the first 60-day period—the O. P. A. must deem in the adjustment of prices on cotton textiles that they have paid parity for cotton.

From the argument made yesterday by the Senator from Alabama [Mr. BANKHEAD] and that made by the Senator from Mississippi [Mr. EASTLAND], and I have never heard more able arguments than they made from their approach to the subject, is there any doubt in any Senator's mind that they both expect an adjustment and a revision upward of prices of cotton textiles? Of course not. Every syllable of their argument indicated—what? It indicated that the present ceiling prices of the O. P. A. were too low. As the junior Senator from Mississippi said, they are shackled under those ceilings and the lid must be taken off. So what did they expect? They expected that within the first 60-day period after this proposed law goes into effect textile prices will be revised upward, regardless of what is paid for cotton, regardless of the price the mills paid for their inventories which are now on hand.

If the Senator from Alabama, as I think it could well be inferred this morning from this statement, takes the position that prices are already high enough on cotton textiles to warrant the mills in paying parity for cotton, then why does he not reverse the language of his amendment and say that if within the 60-day period or the 120-day period the price of cotton does not go up to parity then there shall be a revision downward on the ceiling prices of textiles. Then, we would be doing what? We would be enacting a law for the cotton farmer and not for the textile mill operators. If we tell those gentlemen who are today making such profits as they have never made before in their history since 1919 and 1920 that they must pay parity or there will be a revision downward, then the farmers of cotton would be brought up to parity. But under this amendment just as surely as it is adopted there will be a windfall on inventories that will be unconscionable; there will be a manipulation and a speculation on the markets which in my opinion will not inure to the benefit of the farmer but to the speculative attitude of the textile mills. I thank the Senator from Louisiana for yielding.

Mr. ELLENDER. I was glad to yield to the Senator and I am indebted to him for his contribution. I now yield to the Senator from Illinois.

Mr. LUCAS. Mr. President, I have before me information which is presumed to be authentic which says that if the Bankhead amendment shall be adopted 90 percent in volume of the textile industry will be guaranteed a profit on every item that is manufactured. I

should like to know whether that is correct.

Mr. ELLENDER. That is correct as I understand the formula contained in the amendment.

Mr. TAFT. Will the Senator yield?

Mr. LUCAS. I have not the floor.

Mr. ELLENDER. As I understand the manufacturer's costs, that is, factor No. 2, the figure must be high enough to cover all the costs of the highest cost manufacturer, "of at least 90 percent by volume of such item."

Mr. TAFT. Will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. The Senator from Alabama has presented, and will offer before the committee amendment is voted on, an amendment to subdivision 2, which the Senator will find on his desk, which reads in this way, instead of that to which the Senator has referred:

A generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item—

That is a different rule, the Senator will see, "a generally fair and equitable allowance for the total current cost" of manufacturing such item.

Mr. ELLENDER. What is the difference between the pending amendment and the modification of the amendment just quoted by the Senator?

Mr. TAFT. That is in the law now; that does not change anything. We now provide that all processors must get a generally fair and equitable margin. Then the amendment proceeds:

And whenever the Chairman of the War Production Board or the War Food Administrator has determined such item to be necessary for the war effort or the maintenance of the civilian economy—

Then the 90 percent bulk line shall apply. So that instead of being a compulsory 90 percent bulk line, which I myself criticized in the Bankhead amendment, this provides now simply for the processor a generally fair and equitable allowance for the total current cost of the manufacture of the item, unless the Chairman of the War Production Board or the War Food Administrator finds that the item is an item which is necessary for the war effort, one the production of which should be increased, in which case he applies the 90 percent bulk line in order to get the increase in production. As I understand, that is the amendment, and I understand from the Senator from Alabama that that will be offered before the pending amendment is voted on.

Mr. ELLENDER. In my opinion, that will not change the situation, except that the modified amendment may be used to force manufacturers to manufacture certain kinds of textiles. That, in my opinion, without having studied the modified amendment, is its purpose.

Mr. TAFT. The Stabilization Act provides that processors of articles made from agricultural commodities must receive a fair and equitable margin, and this amendment, unless there is some action by the chairman of the War Production Board or the War Food Administrator, provides exactly what is in the

present law. So that in effect, what this does is to take out the 90-percent bulk line provision, unless the chairman of the War Production Board or the War Food Administrator determines to apply it. So that it is entirely within the option of the administration whether any such 90-percent bulk line need apply.

Mr. ELLENDER. But it will apply to any article which the chairman of the War Production Board or the War Food Administrator may determine to be necessary.

Mr. TAFT. That is correct. But surely the President is able to control, and Mr. Byrnes is able to control, the action of the War Food Administrator and the action of the chairman of the War Production Board, if they consider their action contrary to the general policy of stabilization. We have only one administration here. These are the gentlemen, however, who are interested in production, and if they say that in order to get production we should apply the 90-percent bulk line, and if that is approved by the President and Mr. Vinson, I do not see how Congress can have any objection to it.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield? I wish to ask the Senator from Ohio a question.

Mr. ELLENDER. I yield for that purpose.

Mr. MAYBANK. I wish to ask the Senator from Ohio whether, from what he has just stated as to articles which might be determined to be necessary, it would not be the Senator's belief that it would largely apply to the Army and the Navy, because they are the largest buyers of textiles in most instances.

Mr. TAFT. I think probably that is true of a good many of the commodities which might be affected. In other words, the Bankhead amendment provides that the 90-percent bulk line would be applied to every item of textile goods. The proposed amendment provides that it shall not be applied unless the War Food Administrator applies it to a particular item of textile goods which is necessary for the progress of the war, and of which an increased production is required, in which case, surely, if there is a desire to get increased production, it will be necessary to give 90 percent of the industry some opportunity to have some advantage in manufacturing those goods.

Mr. MAYBANK. Will the Senator from Louisiana yield further?

Mr. ELLENDER. I yield.

Mr. MAYBANK. I have been told by high officials of both the Army and the Navy that they themselves have had trouble in obtaining certain types of work clothes for the Army and the Navy, and I wish to ask the Senator whether it is not his judgment that under the amendment he has just read, that is, the changed amendment, the prices would be subject to renegotiation, as are all Army and Navy contracts and essential contracts in the textile industry.

Mr. TAFT. Of course.

Mr. MAYBANK. Then there could be no huge profit, if the renegotiation law were carried out.



Mr. TAFT. There could be no profit on the Government's business, which is more than half the business, I understand.

Mr. ELLENDER. But the public will have to pay for it, and the Government will get what the public is paying in the renegotiation process. In other words the manufacturer will have to kick back into the Treasury a part of the huge profits which were made by him because of the high prices that he received for his goods from the public. Another thing the Senators must keep in mind in this connection is that the renegotiation powers of the Army and Navy will terminate on December 31 of this year, and can be extended for no more than 6 months by Presidential action.

Mr. TAFT. Will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. TAFT. The Stabilization Act contains this provision, to which I referred:

*Provided further, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing.*

That seems to me exactly the same as the provision of the amended Bankhead amendment, "a generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item."

Mr. ELLENDER. But there is a third factor, which is that above that it is necessary to allow a reasonable profit to all manufacturers in the group that manufacture at least 90 percent by volume of each item.

Mr. TAFT. If the 90 percent bulk line is applied; but the amended amendment makes the 90 percent bulk line entirely optional. The Chairman of the War Production Board or the War Food Administrator must say they apply it to a particular product, whereas the original Bankhead amendment applies it by law to all products, a provision to which I also objected. It seems to me the amendment offered meets the objection which is urged by the Senator, and does not establish any new rule, except at the option of the administration.

Mr. ELLENDER. It certainly will work hand in hand with the third factor, which would allow a reasonable profit after the costs of the raw cotton factor and the manufacturers' costs are taken into consideration.

Mr. LUCAS. Will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. LUCAS. The question I asked the Senator from Louisiana brought forth an answer from the Senator from Ohio [Mr. TAFT] to the effect that the Bankhead amendment to the bill, which, as it stands now, guarantees a profit on every article manufactured by 90 percent of the industry, is now to be amended on the floor of the Senate.

I have attempted to follow the arguments and debate on the pending matter, and I am not so sure that I know what the proposed amendment to the Bank-

head amendment means. This usually follows when an attempt is made to amend a very important legislative proposal on the floor of the Senate, after a committee has given much study to it. It seems to me this is one of the most important parts or features of the proposal now pending before us, and certainly if the textile industry is to be guaranteed a profit on 90 percent of every item it manufactures, I can readily see that every other industry, whether it is the textile industry, the implement manufacturing industry, or any other industry of the Nation, of any type and kind, is going to come to Congress, and rightfully so, and ask that we guarantee them a profit on the items they produce. I do not know whether the Congress wants to go that far or not.

Mr. ELLENDER. The Senator has placed his finger on the objectionable feature of the amendment, as I see it.

Mr. LUCAS. I think I have.

Mr. ELLENDER. I do not see how it can be stopped.

Mr. LUCAS. I want to be fair in this argument. I am the last one in the world who wants to do anything injurious to the textile industry of America, or any other industry that is manufacturing or making instruments of war or any other implements or commodities that go into the civil economy of the Nation at this time. I doubt whether there was any time in history when business, both large and small, was in a better position than it is today. That condition may be artificial due to the war, but nevertheless there are more people in business at this moment and more people making profit, both in large and small businesses in America, than at any other time in our history. Notwithstanding this enviable position an amendment of this kind is brought before us providing guaranties for the textile industry of America. No other industry is involved in the amendment. There are diverse and sundry industries in my State of Illinois which will want to come in on this kind of a guarantee "grab" if that is what the Congress of the United States wants to do, but I do not believe we ought to do it.

I wish to ask a further question with respect to a statement in the article to which I referred, and ask whether the statement is correct. I am informed that the cotton textile industry last year earned profits, after taxes, of 12.5 percent on its total sales.

Mr. ELLENDER. I read that into the Record a few moments ago.

Mr. LUCAS. Very well. That compares with 3.5 percent average profit before the war. The article further says:

*It has benefited a 58-percent rise in wholesale prices since 1940 by a greatly expanded volume of business.*

Mr. President, if that article is true how can it be said that the textile industry of America is suffering at this moment? If it is true how can the Congress of the United States guarantee to this industry a profit, in view of the figures presented of profits earned last year by the textile industry, and not take in every other industry existing in America today?

The textile industry is not a bankrupt institution. It is a going concern making money. It made profits last year of 12.5 percent after taxes, and did the largest business in the history of the textile industry. The same is true with respect to every other industry in this country today.

Mr. President, if these facts are true, and I am assuming they are true, as no one has challenged them, I cannot understand why at this particular time an amendment of this character should be attached to the price-control bill. If we adopt the amendment we will set a precedent for special privilege, and Congress will be flooded from now on with appeals from every other industry in America asking us to do the same thing for them. If Congress does it for one how can Congress deny it for others? I am basing my argument upon the figures representing the profits of the textile industry last year. If these figures are true, then there are many industries which need more help, in my opinion, than does the textile industry.

Mr. President, as I said before, I am not going to make a special argument against any industry. I want them all to do well, and I maintain and submit that they are doing pretty well in this war period, as is every other industry. Yet it seems that the more some people make, and they are making more than ever in this war period, the more they complain and the more they want. That seems to be the rule of the game—the more you get the more you want. I believe that industry of America and the people of America generally have never been in such good shape economically as they are at this particular moment. Notwithstanding that, we are faced now with an amendment which seeks to get more for certain industries, as I see it. It is class legislation detrimental to the best interests of the great majority. I cannot support the amendment.

Mr. CHANDLER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CHANDLER. In the time of my good friend, the Senator from Louisiana, I wish to read a letter I have received, and to ask a question of the Senator from Ohio. I have been a strong supporter of the stabilization program and am as anxious as any other Senator to avoid ruinous inflation in the country which would result in the general break-down of the whole plant. But our experience here since we enacted the price-control law should have taught us that some injustices exist under it which ought to be corrected. I cannot bring myself to the conclusion that because some of our men are suffering and dying away from home we should inflict unusual and inhuman punishment on those whom they left at home. I do not like the idea which is expressed by the O. P. A. when they bring a bill to Congress that we must take it as it is and cannot change its provisions. I cannot believe that the little inoffensive amendment the Senate adopted the other day giving an individual the right to defend himself in court will injure the whole program. If it takes so little to destroy our stabilization program and bring in-

flation in the country we are indeed in bad shape.

Mr. President, I am particularly interested in an amendment which is going to be offered by my friend the Senator from Oklahoma [Mr. THOMAS] with respect to crude oil, and I asked the Petroleum Administrator for War what the situation was. I received an answer from the Acting Director of Production, Mr. Ralph J. Schilthuis, in which he wrote:

The importance of higher crude oil prices as a means of increasing our oil supplies for military, industrial, and civilian needs—

That is what my friend the Senator from Ohio had reference to with respect to the things which are necessary for military purposes—

has long been recognized by the Petroleum Administration. In April 1943, after an exhaustive analysis of the problem, P. A. W. formally recommended to the Office of Price Administration an upward adjustment of crude oil price ceilings averaging 35 cents per barrel. This recommendation was turned down by O. P. A. on May 1. On June 10 we renewed our recommendation, only to have it again rejected by O. P. A. on August 7. We then appealed the matter to Judge Vinson, Director of the Office of Economic Stabilization. In a decision on October 29, 1943, Judge Vinson upheld the O. P. A. position, and stated that there could be no general increase in crude-oil prices.

Mr. President, I understand that the present price for crude oil is 64 percent of parity. If we need more oil, and everyone admits that we do, and if those who must produce oil for the country's needs say the price should be raised, and they have said it again and again, and then the O. P. A. turns them down, after which the Director of Economic Stabilization turns them down, then I do not understand the argument that the industry should not come to Congress and ask for relief, when an injustice is being done which results in a hurt to the war effort.

If some Senator can explain that situation to me I wish he would.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. With respect to the question of amendments, and the question of the relation between the cotton amendment and the oil amendment, I have felt throughout that Congress ought not to increase the price of a product by law. It may be that the administration is wrong. We have heard the representatives of the oil industry. We heard Mr. Brown present a very convincing case. He was answered by Mr. Vinson. Personally if I had to decide the case I would say Mr. Brown was right. But I did not think it was an overwhelmingly convincing argument, and I do not feel that Congress ought to increase the price of any article deliberately by action of law.

The question involved in textiles does not seem to me to be one relative to an increase in price, or at least not a net increase in price.

I approve of this amendment because it attempts to change the whole method by which the administration has been applying the price policy to cotton goods.

I think that whole method is wrong. I think it is out of accord with the present law. I think, therefore, that it is a matter with which we may properly deal.

I am perfectly convinced that if the method proposed by the Senator from Alabama is adopted, and if the Office of Price Administration accepts that method of fixing prices, the net result to the consumer of cotton goods will be a lower price rather than a higher one. That is the reason why I am willing to go along with the cotton amendment, and I am not willing to go along with any direct increase in price on any article.

Mr. CHANDLER. Mr. President, let me ask my friend a question in that connection.

Mr. TAFT. In just a moment.

First, let me say that in connection with the cotton business, the Director of Economic Stabilization has applied a brand new theory. He goes further than the 90 percent bulk line in some ways. He says regarding the directive relating to cotton goods—I quote from his letter of February 4:

There has also been some misunderstanding as to other provisions. The directive states that, in cases where a uniform increase in price to all producers must be made, the increase to be permitted shall not exceed an amount sufficient to make the maximum price equal to the total unit cost of the highest cost producer whose production is deemed essential. I wish to emphasize that this method and standard of price increase is to be used only as a last resort when the other methods set forth in the directive are impossible. Indeed, I shall hesitate to let it be used at all.

In other words, he practically says that under no circumstances will he authorize a general increase in the cost of any cotton goods. Then he goes on, and says that he will make individual adjustments for individual mills—which, after all, Mr. President, is going back to a profit-control basis, rather than to a price-control basis.

When he makes those adjustments, he says that the producer whose current profits from all operations are less than double those earned in the 1936-39 period, or who is operating at a loss, may sell at not to exceed the total unit production cost, plus a profit not to exceed 2 percent. In other words, there is a 2 percent turn-over which is utterly inadequate to enable the mill to run. He goes on to say that for a producer who had more than twice his 1936-39 profits, producers with exceptionally high profits will be required to produce the goods at cost.

In another order, cost is defined as simply the actual out-of-pocket expense, without any overhead at all.

So he is saying to the cotton-goods industry, "I will not increase the price of cotton goods. I will make individual adjustments for low-cost mills, but I will still require them to sell the goods at a loss."

I think that is utterly illogical. I think it is utterly opposed to the principle of the Price Control Act. I think the Bankhead amendment is a better method of pricing cotton goods. I say

that in decreasing the price of low-cost goods we can decrease the cost of the goods on the basis of the profits that are made, so that the profits will be less.

Mr. ELLENDER. Mr. President, why could not he do it under the law as it now stands? The Bankhead amendment is not required in order to do that. It can be done under the law as it now stands.

Mr. TAFT. It can be, except for the fact that Mr. Vinson is a very stubborn gentleman, and does not desire to change it unless Congress makes him change it.

Mr. ELLENDER. As a matter of fact, while under the law as it stands, textile ceilings can be adjusted to spur production of one type of textile in comparison with others, it could not, as I have already shown, be done under the proposed formula. I remind Senators of what I have already said. Under the amendment all the ceilings must be kept high, and almost all of them raised, to meet the costs and provide a profit for the inefficient producers of each and every item. I presented a resolution before the Senate which was referred to the Committee on Agriculture and Forestry providing for an investigation of the cotton-textile industry. So far as I am concerned, I am willing to stay here all summer, if that is necessary, in order to have that investigation made.

Mr. TAFT. I am sorry, Mr. President, that I cannot agree with the Senator to stay here all summer.

Mr. ELLENDER. I believe something can be accomplished by investigating the textile industry, prices received by them in relation to what they pay for raw cotton. I believe by bringing those gentlemen before us and having them tell us the whole story, and then letting the public know about it, something can be accomplished.

Mr. TAFT. But, Mr. President, we have had 4 weeks of hearings. We have had most of those gentlemen before us. We have heard from both sides. The Senator from Louisiana is not a member of the Committee on Banking and Currency; but the committee has heard various persons on this subject.

Mr. ELLENDER. The committee did not hear the textile representatives, did it?

Mr. TAFT. Certainly we heard the textile representatives.

Mr. ELLENDER. Did the committee hear from those who do the manufacturing, rather than from those in the O. P. A.?

Mr. TAFT. Yes; we heard them. Mr. Murchison represented one group of cotton mills.

I think the mills are making too much profit. Whose fault is that? It cannot be the fault of anyone else except the O. P. A., as far as I can understand.

But that does not mean that the textile industry is just one industry. It is a whole group of industries, making various kinds of goods. The O. P. A. has permitted them to make big profits on some types of goods, and has held them down to less than cost on other types of goods. What happens? We do not get any cheap goods, or at the most we get only a limited amount of them. In the branches of the industry such as the



heavy underwear industry, to which I referred, the cost is held down to such an extent that it is impossible for those mills to continue in business. If a person attempts to buy a unionsuit in any store today he will be unable to find one, because the practice which has been pursued has catered to the low-income groups, naturally, by saying, "We have not increased by 1 cent the price of the low-cost goods."

I think the pricing of cotton goods has been the biggest failure of the O. P. A., and I think the Congress is justified in saying to the O. P. A.: "You must pursue a different method, and here is the method."

I deny that there is anything in the Bankhead method which can in any way increase the over-all profits which have been referred to by the Senator from Illinois. In fact, if it is properly applied, it should reduce those profits very considerably.

Mr. ELLENDER. Mr. President, with due respect to the distinguished Senator from Ohio [Mr. TAFT], there is absolutely no possibility of reducing the profits of textile mills, or even keeping them at present levels, under the proposed amendment. As I have already shown, profits of practically every mill would be increased by virtue of the fact that the ceilings of the items which it produces would be fixed at cost plus profit for the inefficient producers of that item. Virtually all the ceilings would have to be raised to meet this requirement. It stands to reason that the mills are going to make much greater profits.

Mr. President, I believe it would be an easy matter to bring before the Senate or before any committee of the Senate many complaints to show that the Office of Price Administration has made many mistakes in issuing and administering many of its rules and regulations. For instance, with respect to agriculture, in relation to placing a ceiling price on rough rice or strawberries, and the like, many mistakes have been made. Mr. President, if we ever open the doors, we shall be haunted for a long time. There is no telling where the trail of investigations will end.

Mr. CHANDLER. Mr. President, will my friend permit me to return to a discussion of the oil business for a moment?

Mr. TAFT. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield for that purpose. Then I should like to complete my remarks, if I can, although most of the points I had in mind have been argued very well, and I am almost ready to conclude my presentation.

Mr. CHANDLER. Mr. President, this question is not one of profits. It is a question of a commodity on which someone should have the right to raise the ceilings, if it is clearly shown that the ceiling price is 64 percent of the parity price.

How would we go about getting simple justice? The question is not one of profits. The question is one of letting people live, and at the same time supporting the war effort.

I have read the statement which has been referred to. I should like the Senator from Ohio to comment on it for me. But first I wish to relate an experience we had with strawberries.

I intend to support the amendment offered by the Senator from Tennessee. The O. P. A. did not put any ceiling at all on strawberries until about the time they were ready for sale in Tennessee and Kentucky. Then the O. P. A. suddenly put a ceiling of \$7.80 on strawberries, and indicated that if anyone "broke the line" on strawberries, it would be possible to bring on inflation by the sale of 100 carloads of strawberries. Of course, I do not believe that; and, so far, no one has been able to convince me that that was so important in connection with the economy of the country, namely, that it would be possible for the sale of 100 carloads of strawberries to break the economy of the country. But the O. P. A. set the ceiling, after having no hearings in Louisiana or in the other parts of the country. In Louisiana the strawberries were sold without a ceiling.

Mr. ELLENDER. Oh, no; only approximately 50 percent of them were sold without a ceiling.

I wish to say in that connection that I have objected, ever since the O. P. A. has been in existence, to having the O. P. A. place a ceiling on a crop which is in the midst of harvest. The O. P. A. should act before the crop is planted so that the farmer will know in advance what he can expect by way of prices.

I have contended quite a great deal that that should be done, but thus far the O. P. A. has not listened to me. I think that such a procedure has caused a great deal of trouble and, I would say, just criticism.

Mr. CHANDLER. Very well, Mr. President. Let me say that I will support the amendment offered by the Senator from Tennessee, so that an unfair price cannot be set for persons who grow a small amount of perishable food and vegetables in one section of the country, and at the same time permit the growers in another section of the country to disregard that price, all under the plea and the statement that if any other course is pursued the result will be to bring on inflation in the country.

On the basis of my understanding of the statement made a while ago by my friend, the Senator from Ohio, I wish to ask a question. If it is shown that these things are necessary for the war effort, and if it is definitely shown that the prices are away below the parity price, what is the method which we shall use to correct injustices, if the O. P. A. will not correct them and if the Office of the Administrator of Economic Stabilization will not correct them? Who is going to do it, and what is my justification or excuse for not supporting something which will correct a manifest injustice, even though I vote for an amendment to this bill?

Mr. TAFT. Mr. President, let me say that I feel very strongly that the main problems of price administration are administrative ones, and that we cannot go into the question of fixing detailed prices on goods, any more than we can

go into the question of fixing railroad rates for the Interstate Commerce Commission. That would seem to me to be a hopeless job.

I think we are concerned with the fundamental principles of price control. That is why I went along with the Senator from Alabama on the amendment. That is why, it seems to me, the chief feature of the amendment of the Senator from Alabama is that it says that each product must be handled on its own feet, but that the O. P. A. cannot say to a man, "Because you are making a profit on this article, you must sell the other one at a loss."

That is the chief feature of the amendment of the Senator from Alabama. That seems to me to be a fundamental question, which is not clearly stated in the act. I think the act requires each one to stand on its own feet, but I am not convinced of that. On the question of principle, I was willing to go along with an amendment, but if we begin to exempt this and that, and increase the price of this and that, there is no limit to what the Congress may do. We might spend the entire year correcting injustices.

After all, the main question as to whether the price itself is right or wrong is an administrative question. It is a question for which the Price Administration has the responsibility. It is to blame if the determination is wrong. Its judgment is perhaps just as likely to be good as our judgment. I do not know. I believe that in many cases its judgment is radically wrong.

A little later today I shall point out the tremendous mistakes which I think have been made in the administration, but which I think are matters purely of administration, in which Congress should not interfere. That is my feeling.

Mr. CHANDLER. Would the amendment of the Senator from Alabama correct the trouble?

Mr. TAFT. The amendment of the Senator from Alabama lays down the fundamental principle that no article or goods shall be sold at a loss and that a reasonable margin should be applied to each character of goods manufactured by a manufacturer. I only regret that we are not applying the same principle to all industries, because I think it ought to be applied to all industries. But that is not a question of administration. That is a question of the fundamental pricing principle of the Price Control Act.

Mr. ELLENDER. Would the Senator apply the same principle to the canning industry? As he knows, many articles are canned by some of the large canning interests of the country at a loss, and they make huge profits on others.

Mr. TAFT. They should not make huge profits on others.

Mr. ELLENDER. That may be true, but the same principle would apply to them as applies to the cotton textile industry.

Mr. TAFT. Suppose we were to say to the entire canning industry, "There is a big profit on tomatoes; therefore you must can peas at a loss." There may be a dozen plants which can nothing but peas. What situation are they in? They are out of business. The whole principle of

trying to take over-all profits as a guide to a margin for particular products is wrong. The way the situation should be controlled is to cut down the margin on the goods on which there is too much margin today. That is a feasible principle. That is what I think should be done in price control.

Mr. ELLENDER. The Senator has argued eloquently to demonstrate that if we open the door to one industry, many more manufacturers will ask for the same treatment proposed to be accorded the textile industry and I see no reason why we should not treat them all similarly.

Mr. TAFT. With the exception of the 90-percent bulk line, I should have no objection to that. Otherwise the Bankhead amendment states the principle which should apply to all manufacturing industries.

It does one other thing. There is a peculiar situation with respect to cotton. Cotton sells below parity, while all other products are selling at parity or above. So we have the difficulty of the limitation on agricultural prices, and we are trying to conform the law to that limitation.

Mr. ELLENDER. The item of cost of raw cotton in connection with the manufacture of cotton goods is infinitesimal and its payment would not place a burden on the textile industry. The textile industry will continue to do the same thing it has done for years, as was illustrated yesterday by the Senator from Mississippi [Mr. EASTLAND], that is, pay as cheaply as it can for raw cotton. He pointed out that 1 pound of cotton will make 4 yards of seersucker cloth, which is sold for \$2.76 in New York. The farmer received 20 cents of that \$2.76. Under the terms of the Bankhead amendment, according to Senator EASTLAND's version thereof, he would receive 21 cents, or 1 cent more. Is it reasonable for us to argue that that 1 cent increase would be such a big item in the cost of the textile industry and thereby prevent it from paying the farmer the additional cent, when we consider the enormous profit that is made on 1 pound of raw cotton?

Mr. TAFT. I believe that the Price Control Act intends that prices shall not be fixed on a product until the product has reached parity. The Administration has insisted on going ahead and fixing prices, which is all right; but if so, we must put in the escalator clause in order not to allow too great profits. My own interest is far more in the processing than in the 1 cent to the cotton farmer. No doubt the Senator from Alabama has a different feeling about that; but I am interested in trying to correct the present cotton-goods situation in the United States, and in forcing the Price Administration away from a theory of price control which I think will lead only to profit control in the end, which I think is unsound, and which, if it were continued, would absolutely prevent the production which is necessary.

Mr. RADCLIFFE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. RADCLIFFE. Am I to understand that the Senator from Ohio will

later amplify his statement that he regards what is apparently an exception as not an exception? He has stated very eloquently and forcibly the dangers of opening the doors wide so that any particular industry may show that some special amendment must be adopted for its particular benefit. The Senator from Ohio realizes the danger involved in that situation, and therefore he is opposed to any such general policy; but I understood him to say that he regarded the cotton situation as being an exception. What he has said thus far has been interesting to me, but it certainly has not been convincing. The only reason I rise now is to ask whether or not the Senator from Ohio will discuss the question further this afternoon. If so, I should like to hear him amplify his statement and give the reasons why he thinks this apparent exception is not an exception.

Mr. TAFT. I thought I stated as clearly as I could that I think this amendment involves a basic principle of pricing. I have an amendment on the table which I may not offer. It applies to all industry, and applies, to a certain extent, a part of the principle of the Bankhead amendment to all industry, requiring each article to stand on its own feet, subject to certain exceptions. But I do not think that it is an administrative question.

In this field I believe that price administration has departed from the basic principles of pricing, which I think are at least within the spirit of the Price Control Act, but which are perhaps not so clearly defined that the cotton industry could take its case to court and obtain a favorable decision.

I see no objection to defining now what we think the pricing policy should be. What is that policy? I can see nothing particularly revolutionary in the Bankhead amendment. It provides that each processor shall have a generally fair and equitable margin. The word "generally" means that it does not have to apply to everyone. It must apply to the industry as a whole. The margin must be generally fair and equitable as a whole. That provision is now in the act. The 90-percent bulk line may or may not be right. Frankly, I do not know enough about the cotton industry to judge whether it is right or not; but the 90 percent bulk line in this amendment is entirely optional, and can be put in only if the administration wants to put it in.

Mr. RADCLIFFE. The 90-percent provision would remain in the modified amendment.

Mr. TAFT. Only if the administration should choose to apply the 90-percent rule in order to obtain additional production. If we wish to obtain additional production, we had better not have more than 10 percent of an industry producing at a loss.

Mr. MOORE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MOORE. I wish to say to the Senator from Ohio that I think he is guilty of an inconsistency when he says that he is opposed generally to legislating prices. I could agree to that prin-

ciple very definitely. But we have the Price Administration. We have enacted a price-control law and turned price control over to an administration which has been proved to be both dishonest and inefficient. Discriminations have been imposed against industries to the point of destroying them. I agree with the Senator from Kentucky [Mr. CHANDLER] that the oil industry has been subjected to a price which is destructive of it. The administrative agencies, as well as the committees of both Houses of Congress, have conclusive proof that the price which is imposed on the oil industry is destructive of a large segment of that industry.

We are to keep the Office of Price Administration, which I think in itself is a fake, and has not at all prevented inflation. Its efforts have been conducive to inflation, to black markets, and to law violations. It has singled out for total destruction certain industries, including the oil industry. Therefore I see no reason why the Senator from Ohio should refuse to accept the amendment offered by the Senator from Oklahoma [Mr. THOMAS] if he is supporting the amendment offered by the Senator from Alabama [Mr. BANKHEAD], because both have the same purpose. If overalls and work-shirts are manufactured at a loss, and the Congress can fix a ceiling upon the prices of such articles which will prevent the destruction of that industry, why can it not also prevent the destruction of the oil industry? If there is any difference between the cotton textile industry and the oil industry in that respect, I am unable to see it.

Mr. TAFT. I believe that the distinction is very clear. Oil is oil. A protest may be filed with the Office of Price Administration. We have provided the method by which it may be filed. The Office of Price Administration then makes a decision. An appeal may thereafter be taken from the decision to the Emergency Court of Appeals. Of course, the Emergency Court of Appeals could not afford any relief unless it found the action of the Office of Price Administration to have been arbitrary and unreasonable. If it should so find, it could afford relief. We have provided such procedure for everyone.

No question has been raised in the oil industry with reference to individual products. No effort has been made in the industry to say that one must sell a particular article at a loss because he is making a profit on something else. There has been no effort to apply the extreme, which I think would be wholly unsound, and which would be prevented by the Bankhead amendment. I believe the two questions are entirely different. I believe that one is an administrative question and the other is a legislative question. That is the distinction which I drew in the committee, and which I have tried to draw here in the Senate.

Mr. ELLENDER. Mr. President, I am very glad to yield to any of my colleagues in discussing this very important amendment. I had prepared a synopsis of the speech which I had intended to deliver, but so much of the matter which I proposed to present to the Senate



through my speech has been brought out in questions which have been asked that I shall not delay the Senate very much longer.

I believe that my position on the stabilization program is well known to my colleagues. I have taken issue many times with some of my good friends and colleagues, and I believe that the Record will show that I was one of the few who opposed Senate Resolution No. 91, which sought to increase the pay of nonoperating railroad employees. My reason for doing so was that I felt it would break the Little Steel formula. I thought that it would cause employees in other industries to make similar demands to those which had been made by the fine class of workers to whom I have referred.

Today it is not very popular to oppose demands made by farmers. However, I am confident that the amendment would operate adversely to their interests. Its adoption would be definitely and unequivocally detrimental to their interests. I have been a close friend of the farmers of my State in particular and to those of the Nation in general. I am certain that my record in the Senate will bear me out. Aside from that, I am a farmer myself.

I am confident that this amendment is more in aid of the textile industry, as I have just indicated, than it is of helping the farmer.

I shall ask the indulgence of Senators to listen to me read from the Times-Picayune, a newspaper published in my State in its issue of June 5, 1944:

The cotton market held gains of 6 to 9 points net on active futures last week but this was only after prices had reached into new high ground for the season Wednesday and Thursday. The spot average reached up to 21.30 on Wednesday, a new high, and which compared with 21.28 cents the previous high set March 21. But quotations eased sluggishly toward the end of the period and the spot price for the 10 markets closed at 21.18 cents, up 5 points on the week but off 12 points from the Wednesday high.

Probably the immediate cause of the mid-week price spurt which followed the Memorial Day holiday Tuesday was the hopes in some quarters for price boosting legislation to come out of Washington. The high point in this thinking came with the adoption by the Senate Banking and Currency Committee of the Bankhead amendments to include the so-called escalator plan to allow mills to pay parity prices for cotton and still make a fair profit—

"A fair profit," I repeat—

and an amendment to raise the loan rate from 90 to 95 percent of parity. The vote had been larger than expected, but doubts still prevail as to the ultimate success of the amendment and prices eased shortly after the news was out. These doubts seemed to be confirmed in the Friday action of the House committee in rejecting the price-boosting plans. At the weekend not many traders here felt confident that any measurable price-raising legislation would get through this sitting of Congress. If any confidence existed it was that possibly the administration might accept a 95 percent of parity loan.

Mr. President, when anybody argues that this amendment will not raise the price of textiles and will not help the textile manufacturers, I am wondering what prompted the writing of the article I

have just read; I am wondering what prompted the spurt in the cotton market.

I feel confident that the Bankhead amendment will not give the Price Administrator any greater power than he now has to force the textile industry to pay parity to the cotton farmers. If there is a rise in price for raw cotton through this amendment, it will be gobbled up by the higher prices the farmers will have to pay for the finished products they must buy to clothe themselves and their families.

Not only that, Senators, but, as I have indicated, this amendment is but the opening wedge to the demand of many other industries that feel themselves as much hurt by O. P. A. as the textile industry. I wish to say that if, perchance, the Bankhead amendment is adopted, then I shall feel perfectly justified in voting for any other amendment designed to help other industries, because I do not believe it is fair or square to industry as a whole to select the textile industry and assure them of a formula that will give them profits on each item produced far in excess of the huge amounts now being made by them.

Mr. President, as I have said on many occasions, I believe that after this war is over the Price Control Act, badly as it has been administered from its inception and until the time it was taken over by Mr. Bowles, will be hailed as the most effective method of sustaining our war economy and of increasing our industrial and agricultural production that could have been devised.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The question is on agreeing to the committee amendment. On this question the yeas and nays have been ordered.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Gerry	Radcliffe
Austin	Gillette	Reed
Ball	Guffey	Reynolds
Bankhead	Gurney	Robertson
Barkley	Hatch	Russell
Bilbo	Hawkes	Shipstead
Brewster	Hill	Stewart
Bridges	Holman	Taft
Burton	Jackson	Thomas, Idaho
Bushfield	Johnson, Colo.	Thomas, Okla.
Butler	Kilgore	Thomas, Utah
Byrd	La Follette	Tobey
Capper	Lucas	Truman
Caraway	McClellan	Tunnell
Chandler	McFarland	Vandenberg
Chavez	McKellar	Wagner
Clark, Mo.	Maloney	Wallgren
Connally	Maybank	Walsh, Mass.
Cordon	Mead	Walsh, N. J.
Danaher	Millikin	Weeks
Davis	Moore	Wheeler
Downey	Murdock	Wherry
Eastland	Murray	White
Ellender	Nye	Wiley
Ferguson	O'Daniel	Willis
George	Overton	Wilson

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated

to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House further insisted upon its disagreement to the amendments of the Senate Nos. 1, 2, 3, 4, 6, 8, 14, 29, 30, 35, 52, 54, 55, 56, 57, 64, 65, 66, and 67 to the bill (H. R. 4070) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1945, and for other purposes; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WOODRUM of Virginia, Mr. FITZPATRICK, Mr. STARNES of Alabama, Mr. HENDRICKS, Mr. WIGGLESWORTH, Mr. DIRKSEN, and Mr. CASE were appointed managers on the part of the House at the conference.

The message also announced that the House further insisted upon its disagreement to the amendments of the Senate Nos. 10, 12, and 13 to the bill (H. R. 4204) making appropriations for the Departments of State, Justice, and Commerce, for the fiscal year ending June 30, 1945, and for other purposes; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. KERR, Mr. HARE, Mr. O'BRIEN of Illinois, Mr. CARTER, Mr. STEFAN, and Mr. JONES were appointed managers on the part of the House at the conference.

#### EXTENSION OF PRICE CONTROL AND STABILIZATION ACTS

The Senate resumed consideration of the bill (S. 1764) to amend the Emergency Price Control Act of 1942 (Public Law 421, 77th Cong.) as amended by the act of October 2, 1942 (Public Law 729, 77th Cong.).

Mr. BANKHEAD. Mr. President, I have three amendments which have been presented and printed, and I wish to offer them. They are amendments to the cotton textile section, and I desire to have them acted on before the main amendment is acted on.

The PRESIDING OFFICER. The clerk will state the first amendment to the committee amendment.

The LEGISLATIVE CLERK. In the committee amendment on page 12, it is proposed to strike out clause (2), beginning with the figure "(2)" in line 6 and ending with the word "item" in line 11, and in lieu thereof insert the following:

(2) a generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item, and whenever the Chairman of the War Production Board or the War Food Administrator has determined such item to be necessary for the war effort or the maintenance of the civilian economy, such allowance shall be computed at a uniform figure that will cover such total current costs in the case of any manufacturer or processor among the manufacturers or processors of at least 50 percent by volume of such item.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Alabama to the amendment of the committee.

Mr. MALONEY. Mr. President, as was said a few minutes ago by the able Senator from Louisiana [Mr. ELLENDER], the proposal before the Senate has been pretty thoroughly discussed during the past few days. I am about to offer a substitute for the so-called Bankhead amendment. Before doing so I should like to join with those who have expressed the feeling that if we yield to the proposal of the Senator from Alabama, stabilization will be wrecked, and the stage set for all ravages of inflation.

I should like briefly to remind my colleagues that opposition to the amendment now pending comes very forcefully from the Office of Price Administration, from the office of the Economic Stabilization Director, the President of the United States, and in tremendous volume from the people of the country. I see in the adoption of the amendment, as so many others have seen, a letting down of the bars, a breaking of the line, a complete destruction of the barrier against runaway prices and wages. The amendment singles out an industry which is in some respect in trouble and proposes to grant it special favors. In my judgment, the problem is largely due to a shortage of manpower. The wages in this industry have been pitifully low, and manpower is not attracted by distressingly low wages.

I cannot see how the Bankhead amendment would aid the cotton farmer one little bit. I join with those who express the feeling that it would result in a bountiful harvest for those engaged in the textile industry. I am entirely hostile to the views of those who ridicule the singling out of an individual for special attention. I am entirely hostile to the suggestion that we would take 90 percent of this particular industry, or any industry, and raise the prices for all of them regardless of what the profit situation might be in individual cases.

The Bankhead proposal is not a complicated amendment. It seems very clear to me. I think I understand the purposes of those behind the amendment and the noble aims of those who sponsor it here. I want to aid the cotton farmer. I want to provide low-cost clothing, and with that purpose in mind I send to the desk and ask that it be read a proposed substitute for the amendment offered by the able Senator from Alabama [Mr. BANKHEAD].

The PRESIDING OFFICER. For the information of the Senate the clerk will read the amendment offered by the Senator from Connecticut in the nature of a substitute for the committee amendment.

The LEGISLATIVE CLERK. In lieu of the committee amendment it is proposed to insert a new section 201, as follows:

SEC. 201. The Stabilization Act of October 2, 1942, is amended by inserting after section 3 the following new section 3 (a):

"(a) The Economic Stabilization Director is authorized and directed to coordinate the activities of all the departments and agencies of the Government concerned with the production and distribution of essential textiles, apparel, and other textile products in

effectuating a comprehensive national policy to increase the supply and improve the quality of such essential products to the maximum extent consistent with the effective prosecution of the war and the stabilization of the cost of living. Special emphasis shall be given in the policy to the production and distribution of low-cost children's clothing, work clothing, and other low-cost staple textile products.

"(b) Every agency of the Government concerned, directly or indirectly, with the production or distribution of such essential textiles, apparel or other textile products is directed, in cooperation with the Director and with each other, to utilize its full legal authority to put the policy promptly into effect. So far as each may be authorized by law and to the fullest extent necessary to effectuate the policy, it shall be the specific duty and responsibility—

"(1) of the War Production Board to develop adequate production and distribution programs and to take appropriate action to direct production, to grant priorities, and to control the distribution of facilities, raw materials, and processed commodities so that, as far as practicable without interference with other needs of the war and the defense program, essential textiles, apparel, and other textile products (as designated by the War Production Board in an extent sufficient to effectuate the policy) shall be produced and distributed in the proportions by price lines and in the qualities (especially durability) in which they were produced and distributed in an appropriate base period to be designated by the Economic Stabilization Director;

"(2) of the War Manpower Commission to take such action as may be appropriate to avoid shortages of manpower required by the program;

"(3) of the Smaller War Plants Corporation to take such action as will enable small business concerns to participate to the fullest extent practicable in the program; and

"(4) of the Office of Price Administration (1) to establish, as far as may be practicable, dollar-and-cents maximum retail prices for the items designated by the War Production Board, utilizing, where appropriate, minimum specifications established by or in cooperation with the War Production Board and (2) to take such action as may be necessary to remove price impediments to the production or distribution of commodities required by the program, including increases in maximum prices where no practicable alternative exists to carry out the purposes of this section and including reductions in maximum prices either to offset such increases or to prevent diversion from production or distribution of commodities required by the program.

"(c) From time to time, the Director shall transmit to the Congress a report of operations under this section. If the Senate or the House of Representatives is not in session, such report shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be."

Mr. MALONEY. Mr. President, I do not suppose there are individuals anywhere more interested in the success of this program than the President of the United States, the Economic Stabilization Director, and the head of the Office of Price Administration, unless it be the distressed consumer. Before we undertake to vote on the proposed substitute I should like to say that the amendment was drafted under the guidance of the Office of Price Administration, that it has the approval of the Economic Stabilization Director, that it has the approval of Donald Nelson of the War Production Board, that it comes largely out of the

intense efforts and interests of such organizations as the American Association of University Women, the American Home Economics Association, the directors of the National Consumers' League, the National Congress of Parents and Teachers, the National Education Association, and the national board of the Y. M. C. A. It has, of course, the approval and the support of countless other organizations. I cannot think of where there would be opposition to the proposal. I should imagine that it would have unanimous support. Its language is simple. It speaks for itself.

Before the Senate votes upon the proposed substitute I should like to point out that for some time past the War Production Board has been giving attention to this particular subject, to this particular problem of the sore need for a greater supply of lower-cost clothing. The adoption of the substitute will force or strengthen the hands of the War Production Board. It will give impetus to all those governmental agencies which are so much interested in the subject. It will be helpful to the Office of Price Administration, and extremely helpful to the American people.

Mr. President, I think it will be very helpful to the American cotton farmer. It will stimulate the production of these so sorely needed materials and articles. There is a crying demand for low-cost work clothing, and other clothing. It is not being purchased because it is not on the shelves. The adoption of the substitute amendment will accelerate the production of such clothing. Under the priority and allocation powers of the War Production Board that agency can direct the manufacture of these so sorely needed articles. The Office of War Manpower can make a great contribution if directed under some such language as I here offer. The directions contained in it to the Office of Price Administration are clear. In my judgment, Mr. President, the adoption of the so-called Bankhead amendment, offered in all sincerity by a conscientious and able and good Senator, will destroy the attempt to do what he would do and what we would do, but if there is a way to correct the situation pointed to in these last few days, and to provide these things which are so sorely needed by the American consumer, I think that this is the way, and I urge my colleagues to accept my amendment in lieu of and in substitution for the so-called Bankhead amendment.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. GERRY. I always listen with a great deal of interest and pay a great deal of attention to any amendment offered by the senior Senator from Connecticut, but I wish to ask him whether the substitute amendment was submitted to the committee.

Mr. MALONEY. No; the amendment was not submitted to the committee.

Mr. GERRY. Is it printed?

Mr. MALONEY. An amendment almost identical in language was printed several days ago. I had not submitted the earlier amendment to the Office of Price Administration. As the result of



its printing the Office of Price Administration volunteered to find what they had supposed was and which I agree is much better language. It has, in substance, been before the Senate for a period of several days. I know that it has the hearty approval of the chairman of the committee, and I suppose that no member of the committee would object to it, although there are some members of the committee who would obviously prefer the Bankhead amendment.

Mr. GERRY. I thank the Senator.

Mr. AIKEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Vermont?

Mr. MALONEY. I yield.

Mr. AIKEN. It is very difficult to remember everything contained in the Senator's substitute amendment, as it was read, but as I listened to the reading of it I wondered what was authorized in the amendment that the War Production Board and the Office of Price Administration and the War Manpower Commission do not already have full authority to do. I know they have been working together on some programs to increase production, and that the O. P. A. has agreed to an increase in the price, which was necessary. I am wondering what the Senator's amendment would authorize them to do, which they do not already have full authorization to do.

Mr. MALONEY. Very little, if any, additional power is provided by the amendment. The direction is here. The Congress, by the adoption of the amendment, would set forth its views clearly on what it wants these agencies to do. It would call upon every interested agency of government to contribute toward the solution of a most aggravating situation. It would tell them that Congress feels they might go further toward the correction of a lamentable condition. I think the Senator's suggestion is correct, namely, that no actual additional powers are provided by the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the committee amendment.

Mr. MURDOCK. Mr. President, I wish to say a few words on the Bankhead amendment, and particularly on the amendment just offered, before it goes to a vote.

I wish to preface my remarks by saying that we passed the Price Control Act very shortly after Pearl Harbor. At that time the whole Nation was, in my opinion, more united than it had been for months, or than it has been since. At that time we knew we were getting into very serious difficulties. We knew then that a great part of our Navy had been sunk. We knew that thousands of American lives had been lost as a result of the sneak attack on Pearl Harbor. We had every reason at that time to be a united nation, united for the purpose of enacting in Congress measures conducive to the adoption of a successful war program and to the earliest possible conclusion of the war.

Today I ask the question whether the situation now confronting the United

States of America is any less serious than the situation was immediately after Pearl Harbor? I ask the question whether, in the opinion of Senators, we have not lost more American lives in Italy and now in France in the last week or so than were lost at Pearl Harbor? I ask whether there is now any reason for relaxing the Price Control Act?

It is evident, Mr. President, from what has already happened, that today the Senate does not take the position it took when it passed the Price Control Act. It is evident that now we are ready to weaken the act, to consider specific and individual cases, and to consider sections of the country, rather than the country as a whole. In my opinion, we can ill afford to do that at this time. I wish to predict that if the Congress weakens to any material extent the Price Control Act and the Stabilization Act, Congress will find itself supervising and superintending inflation, rather than controlling prices.

Coming now to the Bankhead amendment as originally reported to the Senate, let us consider what it would do. It would say to the Office of Price Administration, first, that in fixing ceiling prices on cotton textiles it should be deemed that the parity price had been paid for the cotton. Regardless of what price had been paid, the O. P. A. would have to consider that the parity price had been paid.

Mr. TAFT. Mr. President, will the Senator yield to me for a moment?

Mr. MURDOCK. I yield.

Mr. TAFT. That is the provision in the present Price Control Act. What the Bankhead amendment would do would be to modify it, and to say that if the parity price for cotton had not been paid, the price of the manufactured article should be reduced later on. But the present Price Control Act provides that the price must be fixed on a basis which will reflect the payment of the parity price to the producer.

Mr. MURDOCK. Yes; and I have emphasized that point every time I have spoken on this question. I have emphasized the point that the present law does say that, and that it says it in the most emphatic language which Congress possibly could write into the law. It says that all ceiling prices on agricultural commodities must be fixed high enough to reflect the payment of the parity price to the agricultural producer. The O. P. A. tells us that the prices on textile products now are sufficiently high to do that very thing. But the Bankhead amendment departs from the language of the present act, and says to the O. P. A. that, regardless of whether the parity price has been paid for cotton, the O. P. A. must deem that it has been paid.

The next factor involved is the manufacturing costs. The pending Bankhead amendment tells the O. P. A. that it must first select 90 percent of the volume of production of cotton textiles, and then must fix a production cost and a marketing cost sufficiently high to cover the cost of any manufacturer coming within that 90 percent volume. That

means, and can only mean, one thing, namely, that the highest-cost producer in the 90 percent volume of production will have his costs become the costs for the whole industry.

Let us consider that point for a moment. When we were considering this matter before the committee we were told that one large manufacturer who was manufacturing carpets was told and directed to convert to the manufacture of duck. We were told that his costs by reason of that conversion of necessity went up tremendously. Now let us suppose that manufacturer's production is included in the 90 percent. Then, what happens? The cost of production of the whole industry will be raised to the cost of that highest-cost manufacturer. There can be no doubt about that. The language is just as plain, simple, and emphatic as it can be that that is the way to arrive at the production costs, as the second factor.

The third factor is that, regardless of factor No. 2, which unquestionably would result in the payment of unconscionable profits to low-cost manufacturers, there still must be added on top of the other two factors, according to the formula of the Bankhead amendment, a fair and reasonable profit. Then, the Bankhead amendment proposes and directs that the Office of Price Administration during a period of 60 days shall adjust prices according to the formula of the amendment. Will any Senator supporting the Bankhead amendment say that that revision of prices will not be a revision upward? Of course not. Why? Because, according to the author of the amendment, all the present inventories in the cotton mills have been purchased at prices below parity. If the present inventories have been purchased at prices below parity, and adjustment of ceiling prices by the O. P. A. must be made on the assumption that parity was paid, will any Senator say that that will not result in an upward revision of the ceiling prices on textiles?

The next important step in the amendment is this: After the adjustment has been made during the first 60-day period, then at the beginning of the period after 120 days have elapsed following the enactment of the act, cotton textile prices will again be adjusted, and the adjustment will be made for the ensuing 60 days—on what basis? On the basis of the market value of cotton at the beginning of the ensuing 60-day period.

Yesterday I called the attention of the Senate—and I call attention to it again today—to the fact that the phrase "the beginning of such period" is a very dangerous phrase. I ask any Senator present, if he knows what that phrase means, to rise and tell the Senate. Does it mean, Mr. President, the first day of the period? Does it mean the first 3 days, the first 5 days, the first week, or the first 2 weeks of the 60-day period? I asked the distinguished author of the amendment what that language meant. Did I get a responsive answer? No. In my opinion I got no answer at all. The Senator said that the average price might be taken. But, Mr. President, the O. P. A. must look to the language of the amend-

ment, and the language of the amendment is that ceiling prices for the ensuing 60-day period must be based on the market value of cotton at the beginning of the 60-day period.

I do not know very much about how the cotton markets are handled—

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Utah yield to the Senator from Vermont?

Mr. MURDOCK. I yield.

Mr. AUSTIN. I should like to ask the Senator what he himself would regard as the beginning of the period?

Mr. MURDOCK. I have given the question careful attention and study, and I can come to only one conclusion. That is that the first day of the period would be the beginning.

I do not know very much about the marketing of cotton, but I have looked at that phrase in the language of the amendment from the standpoint of the little experience I have had in markets. Let us see what might happen. Let us assume that 60 days have passed—the first 60 days after the enactment of the bill. According to the directive of Congress, the O. P. A. would revise the ceiling prices upward on the basis that parity was paid for cotton. At the end of 120 days the ceiling prices must again be adjusted. I ask any Senator present if the following result could not flow from the language of the amendment: Suppose that at the beginning of the second 60-day period, when adjustments are to be made, the cotton mills, or those who actually buy the cotton, go into the market on that day and bid the price of cotton up to parity. That day is the beginning of the period. The price of cotton at the beginning of the period conforms to the formula of the Senator from Alabama. So no downward adjustment can be made. Why? Because at the beginning of the period the price of cotton is bid up, on that particular day, to parity.

Then we would go along for 59 days—

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. BANKHEAD. I announced that I would offer an amendment to meet the point raised by the Senator, which I think is well taken. My amendment would provide that the cost should be the average cost during the last 4 weeks of the period.

Mr. MURDOCK. The Senator now tells us that he has departed from the language of the amendment. Why? Because it was uncertain; because it was indefinite; and because, in my opinion, when it was called to his attention and to the attention of other distinguished Senators supporting the amendment, they decided that it would be conducive to the worst kind of speculation in cotton.

Let us forget for a moment the proposed amendment of the Senator. At the beginning of the period the price of cotton is bid up to parity. That is the controlling price, on which the prices of cotton textiles must be adjusted for the next 60 days. I ask Senators if during

that 60-day period the mills could build up their inventories at a price below parity. Of course, they could. What would there be to stop them?

Then, as the mills neared the end of the 60-day period, and the beginning of the next period became important, they could go into the market on the first day of the period and again bid up the price of cotton to parity. My construction of the language of the amendment is that if on 1 day in every 60-day period cotton could be sold at parity, that price would control the adjustment of price ceilings. During the remaining 59 days of the period the mills, buyers, and brokers could depress the price of cotton, and in each 60-day period could reap an unconscionable windfall. The first windfall would come during the first 120 days. How would it arise? It would arise from the fact that the existing inventories were all purchased at prices below parity.

If the Congress of the United States should adopt the amendment of the distinguished Senator from Alabama, it would not be saying to the farmers of the South, "We are going to see that you get parity for your cotton." It would be saying to the mills, "Your ceiling prices will be adjusted on the basis of the assumption that you paid parity for all the cotton in your inventories, no matter what price you may have actually paid for it."

Do we want to do that? Is that a continuation of price control? Is that fair and equitable to the other industries of the country? Is that putting money into the pockets of the farmers, where we say we want to put it? Or is it putting money into the pockets of men who are today receiving the highest profit they have received since 1920, and giving them a windfall to which they are certainly not entitled? If the amendment were in the interest of the cotton farmers of the South, it would provide that if within 120 days, or 60 days, they failed to receive parity, there should be an adjustment of textile prices downward. That type of amendment would be justified by the figures showing the profits of the mills during 1942 and 1943.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. BANKHEAD. It has been explained time and time again that that is the proper construction and the real object of the amendment. If the price of cotton is not raised to parity, the escalator clause comes into effect and brings down the price ceiling to the extent that the price of cotton is below parity.

Mr. MURDOCK. That is the theory of the amendment. I have pointed out, and I repeat, that if at the beginning of the period the price of cotton is bid up to parity, there will be no adjustment. The Senator says that he intends to offer an amendment providing that the price shall be the average price during the last 4 weeks of the 60-day period. If in the first instance the language was bad, I assert that the new proposal corrects the situation only for a 4-week period. Why not say to the mills that if the average price paid during the entire

60-day period is not at parity the ceiling price shall be reduced?

There would be no reduction in prices under the Bankhead amendment. Why? Let us assume that the amendment would accomplish all that the Senator from Alabama desires it to accomplish, namely, the paying of parity to farmers. If that objective were attained, nothing in the amendment would provide for any adjustment downward subsequent to the upward revision. The only reason for a downward adjustment following the first 60-day period would be the reduction of the price of cotton below parity. I do not refer to the beginning of the period, but if during the last 4 weeks of the period cotton should drop below parity, only in such event could there be an adjustment downward.

Mr. President, how could there be an adjustment downward when, in considering 90 percent of the volume, every manufacturer who came within such volume, regardless of his costs, would have to figure such costs as the costs for the entire industry?

The Senator now proposes to offer another amendment. In my opinion, it is illusory, deceiving, and will not help the farmers. Furthermore, it would place upon the O. P. A. in Washington a restriction which, in my opinion, would be more unconscionable than that which would be imposed by the language which is now in the bill. Let us read what it states, and give it careful consideration. Also, allow me to invite attention to the fact that there would be no need for this language if the previously proposed language had not been determined by our distinguished friend from Alabama to be not what he desired. The amendment reads, in part, as follows:

A generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item—

Mr. President, how much of a departure is that from the present language? There is no such word as "item" in the present language. It is a departure from what is considered generally to be fair and equitable, based on specific items.

As the Senator from Louisiana (Mr. ELLENDER) asked us a few minutes ago, if there is reason to do for the textile industry what has been suggested, why limit it to that industry alone? If the proposed policy is correct, and is to be substituted by the Senate for the present policy, should we not take the long step and initiate a similar policy in behalf of every industry in America, and not alone in behalf of the textile industry, which has already received unconscionable profits? However, that is not the worst feature of the amendment. Let us see exactly what it would do.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. SHIPSTEAD. The Senator made the statement that the proposed policy should be extended to all producers of raw material. Such extension would be reasonable. Business corporations are allowed to figure their costs and salaries, and are allowed a profit. Such practice



is followed generally throughout all industry, and by the middlemen who handle goods, regardless of the kind of goods they may happen to be. However, the farmer is not to be allowed to figure his cost of production, and is not to receive wages for himself and his family. If the proposal referred to is equitable it should be extended to all industries.

Mr. MURDOCK. What the Senator has stated is correct, and the farmers should be included.

Mr. SHIPSTEAD. Other industries have already received such consideration.

Mr. MURDOCK. I admit that if anyone is suffering in America today it is the farmer. I am not, however, willing to take money out of the pockets of the American people and put it into the pockets of the textile manufacturers, who are already receiving unconscionable profits, under the subterfuge that the money will go into the pockets of the cotton farmers of the South. I may say to the Senator from Minnesota, and to the Senate, that I proposed in the Banking and Currency Committee that instead of raising the loan value to 95 percent of parity it should be raised to 100 percent of parity. Oh, no; 100 percent of parity was not wanted. I know that the gentlemen who so contended are sincere gentlemen. I have no better friends in the Senate than the Senators who are sponsoring the pending amendment. My affection for the Senator from Alabama [Mr. BANKHEAD] is as genuine as it is for any other Senator. I have such affection for two reasons, namely, because of his own fine qualities, and because I had the privilege of serving as a Member of the House under his illustrious deceased brother, "Bill" Bankhead. Anyone who knows the Senator from Alabama cannot help having a genuine and sincere affection for him. But I cannot go along with the distinguished Senator on this amendment. I proposed a 100-percent loan on cotton. That would not mean that the Government would have to take over any more than it would have to take over under a 95-percent or a 90-percent loan. It would mean that if the farmers were unable to obtain parity under a 90-percent loan they would not receive it under a 95-percent loan. Why? Because of the small percentage of margin involved.

Yesterday I was sitting in the Chamber listening with interest and sincerity to my friend, the Senator from Alabama, and I was called to the telephone. When I reached the telephone I received the announcement that Representative FULMER, of South Carolina, one of the largest cotton-growing States in the Union, at least an important cotton-growing State, was on the other end of the line. I expected Representative FULMER to take me to task. Why? Because I was not in favor of the Bankhead amendment. But he did not take me to task. He gave me the surprise of my life by saying, "Senator, I wish to congratulate you on the position which you have taken for the cotton farmers of the South." When I had recovered my breath I asked, "Just what do you mean, Representative FULMER?" He is an old friend of mine.

I sat with him in the other House for 8 years. He said, "The Bankhead amendment is not intended and is not calculated to obtain parity for the cotton farmers of the South. Your proposal of a 100-percent loan is the correct solution of the parity problem of the cotton farmers of the South."

Who is Representative FULMER? He is the chairman of the Committee on Agriculture of the House of Representatives. He has served on that committee ever since I have known him; and I have an idea that he knows something about cotton; I have an idea he knows something about cotton farmers, and I have an idea that he is correct in his construction of the Bankhead amendment that it will not put money into the pockets of the cotton farmers but into the pockets of the textile manufacturers.

Mr. SHIPSTEAD. Mr. President, will the Senator yield now?

Mr. MURDOCK. I yield.

Mr. SHIPSTEAD. From the information I have received the textile manufacturer is not suffering. I am told that in the stores of the city cotton gloves for women about that long [indicating] which used to sell for \$1 now sell for \$3.50. There is a great deal of complaint about the high prices of cotton finished goods.

Mr. BANKHEAD. Mr. President, will the Senator yield to me on that point?

Mr. SHIPSTEAD. I have not the floor.

Mr. BANKHEAD. I fully agree with the Senator, and have made many comments about it. I have pointed out that the difficulty is not due to the fact that the price of cotton goods cannot be reduced because they have a ceiling. It is due to the converters and others after they have bought cloth from the mills and due to the failure of the O. P. A. to put proper ceilings on articles made by the middlemen. That is where the trouble is.

Mr. SHIPSTEAD. Then the trouble is with the O. P. A.

Mr. BANKHEAD. That is what I say, it is due to their absolute failure.

Mr. MURDOCK. Mr. President, that is the remedy, and the O. P. A. have all the power now that they would have under the Bankhead amendment to do that very thing. We all receive, I assume, every month or every week, or whatever the period may be, a circular letter from the City Bank of New York City. What does it say? This morning it tells us that wholesale prices have declined from what they were a few months ago; that the cost of living is slightly up, and the cost of food has gone down in the last month, but the cost of clothing is still on the ascension. I ask what has happened to clothing? I am not justifying the price of cotton goods at the retail level, I am not justifying the price of cotton goods at the wholesale level; but, Mr. President, if there is any information before the Banking and Currency Committee that is convincing it is that at the mill level there is a sufficient profit today to warrant the payment of parity to the cotton farmers.

Mr. BANKHEAD. Mr. President, will the Senator yield there?

Mr. MURDOCK. I yield.

Mr. BANKHEAD. Assuming that to be true, does not the Senator agree that it would be a total breach of duty on the part of the O. P. A. if they permitted the textile manufacturers an increase in ceilings if they have sufficient money with which to pay parity?

Mr. WILEY. Will the Senator speak a little louder?

Mr. BANKHEAD. If they have sufficient money, as the Senator stated, to pay parity to the farmers, I ask him if it would not be a total breach of duty on the part of O. P. A. if they permitted them to increase their ceiling prices?

Mr. WILEY. The Senator refers to the textile manufacturers?

Mr. BANKHEAD. Yes; the textile manufacturers. That is what the Senator from Utah is talking about—the cotton mills. If they have sufficient money and the O. P. A. says they have it, and I think on the over-all whole they do have it, then there is no reason on earth to increase the ceilings, and if they are increased it will be done by action of the O. P. A. This amendment does not direct that to be done.

Mr. MURDOCK. O Mr. President, the Senator misconstrues the plain language of his amendment. How he can take that position in the face of the language of his amendment is incomprehensible to me. The language of the Senator's amendment is what? That the ceiling price shall be adjusted by the Price Administration within a 60-day period on the basis that parity has been paid to the cotton farmers. The Senator himself admits that parity has not been paid.

Mr. BANKHEAD. No; but I admit that the textile mills have the money with which to pay it.

Mr. MURDOCK. Certainly, they have the money.

Mr. BANKHEAD. We assume that if they have it they can pay parity.

Mr. MURDOCK. The Senator wants now to give them more money.

Mr. BANKHEAD. No.

Mr. MURDOCK. That is what the amendment does; it puts more money into the pockets of the cotton mills with the hope—and I might say with the faith on the part of Congress—that the attitude of the cotton mills will change overnight and that they will begin to dish out to the cotton farmers something they have denied them month after month under the present law.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield to the Senator from Connecticut.

Mr. DANAHER. The Senator a few moments ago told us that when in committee he proposed a 100-percent parity loan rate on cotton "they told me"—and I am now quoting the Senator from Utah—

Mr. MURDOCK. That is right.

Mr. DANAHER. "They told me"—and then the Senator broke off with references to whoever it was who told him something; and he never did tell his colleagues what he was told. Now what did they tell the Senator from Utah when he made that proposal?

Mr. MURDOCK. I am very sorry, and I am grateful to the Senator for calling the attention of the Senate and my attention to the fact that I did break off there without concluding. What I was told and what I was given to understand was that to raise the loan on cotton to parity would destroy the cotton exchanges, and because of that the Senator from Alabama and other Senators were not in favor of a 100-percent loan.

Mr. BANKHEAD. Mr. President, I think it is a totally unfair statement to place the opposition solely on the exchanges as the Senator has done. Senators who were here yesterday heard me go into that subject and say that it involved many other considerations.

Mr. MURDOCK. I do not doubt that.

Mr. BANKHEAD. It involved the opposition of the farm groups; it involved the possibility of being unable to obtain an appropriation of a billion or more dollars; it involved the question of whether we should provide for the farmer getting parity for his cotton, wheat, and oats, for the law applies to them all; whether we should provide for him getting his money in the market, or whether we should force him to take a loan which is constantly increasing in cost and reducing the value of his commodity by reason of storage charges, interest charges, and other items.

Mr. MURDOCK. I have no doubt that the able Senator from Alabama had all the other factors in his mind; I have no doubt that they all entered into his decision against 100-percent loan; but the only information which was conveyed to me during the discussion was that it would put the cotton exchanges of the country out of business.

I have no doubt whatever that the Senator from Alabama is not interested in the cotton exchanges; I want to give him credit for being sincerely interested in the cotton farmers; I give him credit for wanting to do nothing except to put parity into their pockets for their cotton, but I must take issue with him on the formula under which he attempts to do it.

Mr. WILEY. Mr. President—

Mr. MURDOCK. I yield to the Senator from Wisconsin.

Mr. WILEY. For the benefit of some of us who are not fortunate enough to be on the Banking and Currency Committee and therefore did not hear the facts presented in committee, I should like to ascertain if there is not some basis on which the opposition to the amendment and those in favor of it may agree. I understand definitely that it is the consensus that everyone wants the cotton farmer to get parity. Can we agree on that?

Mr. MURDOCK. I do not think there is a Senator who is not anxious to bring about that result.

Mr. WILEY. Can we agree on this, that when the O. P. A. fixed prices for the producers of textiles in the elements entering into their calculation they took into consideration the parity price. That has been stated several times, and I should like to know if it be true.

Mr. BANKHEAD. It is.

Mr. MURDOCK. May I read to the Senator—

Mr. WILEY. Will the Senator answer yes or no? I want to clear my mind and this is a discussion between ourselves.

Mr. MURDOCK. The question can not be answered yes or no. If I were to answer I would say that, of course, the O. P. A. took into consideration that under the Stabilization Act and under the Price Control Act no ceilings on agricultural products or products manufactured substantially from agricultural products should be fixed at a level that would not reflect parity to the producer.

Mr. WILEY. Then we can assume further that the cotton producers have not been receiving that which the textile producer has been receiving, which should equitably go to the cotton producer. Is that correct?

Mr. MURDOCK. I should say that not only can we assume but we know that the cotton farmer does not receive parity.

Mr. WILEY. There was something else in my question, namely, that the textile manufacturer has been receiving for his product that which equitably belongs to the farmer. That takes into consideration the element that when there was fixed for him the price for which he could sell his product, there was the element that he would pay parity to the farmer.

Mr. MURDOCK. I think that is a correct deduction.

Mr. WILEY. Let us see if we can agree on something else. The statement is that before the war the textile producers of the country were receiving about 3½ percent. Three and a half percent of what?

Mr. MURDOCK. I think it was 3½ percent on sales.

Mr. WILEY. And the undisputed evidence now seems to be that they are receiving 8½ percent. Can we agree on that?

Mr. MURDOCK. Those are the figures which were before the committee.

Mr. BANKHEAD. I do not know whether the figures are correct. Those were figures supplied by someone in O. P. A. We did not go into that question. They just put in a general statement.

Mr. MURDOCK. Mr. President, I have the floor, and I have not yielded to anyone except the Senator from Wisconsin.

Mr. MAYBANK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. MURDOCK. I yield to the Senator from South Carolina.

Mr. MAYBANK. I think what the Senator from Wisconsin says would be correct as to high-priced goods, but there are no cheap goods on the market today, so the mills are receiving nothing on them.

Mr. WILEY. Can we agree further that the failure of O. P. A. to provide some method whereby the textile producers would produce cheap goods, the failure to do that, has resulted in the country not having cheap goods?

Mr. MURDOCK. I should say, with all due respect to my colleague from

South Carolina, that the big factor in the decrease in the consumption of cotton by the mills, and the big factor in low priced clothes leaving the shelves of the merchants, is the shortage of labor. That is the big factor, in my opinion, and I think that is amply borne out by the evidence before us.

Mr. WILEY. Can we not agree that, with the present available labor, a mill will manufacture goods on which it can make a profit, and refrain from manufacturing goods on which it cannot, and because O. P. A. did not place adequate ceilings on underwear, which we all need, overalls, and so forth, the manufacture of that type of goods was stopped?

Mr. MURDOCK. I have a statement with me which shows the yardage in millions of linear yards, and the percentage of increases and decreases, which I intend to put into the Record. I am not willing to say that because of price ceilings alone cheap work clothes have left the shelves of the merchants. I am not willing to agree to that.

Mr. WILEY. Does not the Senator think that the shortage of labor is an element? It is merely common sense, if one is a manufacturer and has an article on which he can make a profit, for him to manufacture that, instead of manufacturing an article on which he cannot make a profit. The responsibility lies with the O. P. A. in not fixing adequate ceiling prices for articles such as underwear and overalls. We can agree on that, can we not?

Mr. MURDOCK. I am not willing to agree that that is the case. I am willing to agree with the Senator that certainly any man in the textile business who can make a profit on one class of goods and cannot make a profit on another class, is probably going to manufacture the type of goods or products on which he makes the largest profit. I do not think there is any question about that.

Mr. WILEY. We have agreed on practically everything except this, and can we not agree that the price fixed by O. P. A. for the textile producers is, by and large, a fair price, but that the excessive price we have to pay to the retailer is due to the O. P. A. failing to fix prices from the textile producer to the retailer?

Mr. MURDOCK. I think without question the O. P. A. has not fixed those prices as efficiently as we would have liked to have them do. I am willing to agree to that.

Mr. WILEY. Then, we can agree, as suggested by the distinguished Senator from Minnesota, that the O. P. A. has "missed the boat" in that particular, and should get busy, for the sake of the consumers of the country, to see that there is not a hold-up all along the line, and should not the O. P. A. get busy, secondly, to fix an adequate ceiling for the cheap goods, such as overalls and underwear, so that the country could be furnished with them? Should not the O. P. A. do that?

Mr. MURDOCK. Yes; I am in full agreement with that.

Mr. WILEY. Would a directive of the legislature accomplish that?



Mr. MURDOCK. I am quite sure it would be taken notice of by O. P. A., and they would do their best to accomplish the result desired.

Mr. WILEY. Then, it seems to me that between the Senator from Utah and the Senator from Alabama—and I thank the Senator from Utah for helping me to clear the cobwebs out of my mind—there seems to be one difference, namely, that the Senator from Alabama wants to accomplish what the Senator from Utah wants to accomplish, and the Senator from Utah wants to accomplish what the Senator from Alabama wants to accomplish, but the Senator from Utah claims the amendment of the Senator from Alabama will not accomplish it, and the Senator from Alabama says it will. Is there not some way by which it can be made clearer to the others of us what will be accomplished and what will not be accomplished by the amendment? We have listened for 2 or 3 days, and I suppose will listen 2 or 3 days more, and are right up against the question: Will the job be done which all of us want to have done?

Mr. BANKHEAD. The Senator knows it will not be done unless we adopt the pending amendment, or some similar measure.

Mr. WILEY. I thank the Senator from Utah for yielding.

Mr. MURDOCK. Now we are back where we started. I say to the Senator from Wisconsin that, in my opinion, if there is anything which will effectively bring about what the Senator from Alabama desires, it will be, as Representative FULMER indicated to me yesterday, the establishment of a loan rate of 100 percent. The Senator from Alabama says that it would take a billion dollars to buy the entire crop of cotton, but I take the position that there would be no more cotton purchased under a 100-percent-loan provision than there is under the present 90-percent-loan provision. So, in my opinion, we need not fear the expenditure of a billion dollars if the loan rate goes to a hundred.

Mr. MAYBANK. Mr. President, will the Senator from Utah yield further?

Mr. MURDOCK. I yield.

Mr. MAYBANK. The last time, according to my recollection, when there was a 100-percent loan on cotton, was in 1930, when, through the purchases of the cooperative associations and others, the price of cotton was to be pegged at 18 cents, and there was a loan. The warehouses of the United States were filled. Business ended. The cooperative associations could not maintain the business. The price of cotton stood at that 18-cent level while the 100-percent purchase loan was in effect. Two years later the price of cotton was 5 cents.

Mr. MOORE. Mr. President, will the Senator from Utah yield?

Mr. MURDOCK. I yield.

Mr. MOORE. I understand from the Senator from Utah that the same thing can be done now by the Price Administration that is sought to be done by the amendment of the Senator from Alabama. Am I correct?

Mr. MURDOCK. I think the Price Administration would have no more

power under the Bankhead amendment than it has now.

Mr. MOORE. Then, the injustice that is being done, according to the Senator from Alabama, is being done merely because of the arbitrary position of the Price Administration. Is that correct?

Mr. MURDOCK. No; I think the injustice being done is due to the selfishness and the unwillingness of the operators of cotton textile mills to give the farmer his parity price, which they could well afford to do under the present ceiling prices.

Mr. MOORE. Does the Senator understand, then, that now the prices of certain articles of the textile mills, as fixed by the ceilings, are so low that it is unprofitable to manufacture them at all?

Mr. BANKHEAD. And drive them out of the market.

Mr. MOORE. Then, I wish to go further—

Mr. MURDOCK. Let me answer the Senator's question. He has asked a question, and I wish to answer it. I should say that if we look at specific items, that is the case, but in the law we did not ask the O. P. A. to look at specific items. In the law we told them in plain language to fix ceiling prices which would be fair and equitable.

Mr. MOORE. That is the point exactly. That was the intent of Congress, and having bestowed upon the Price Administration that authority, the Price Administration has administered it in such a manner that they have driven the overall and the work-shirt manufacturers out of business. They have put the prices up so high on some items, and so low on others, that they have produced discrimination. Since discrimination has been produced in various activities, then what else is to be done except for Congress specifically to restrain the Price Administrator from placing ceilings so low as to drive these manufacturers out of business? That is what I am talking about in respect to the oil industry. When an administrative agency has been given the power to fix prices so that an industry can live and make a reasonable profit and stay in business, and when the agency administers its power in such a way that such a result is not effected, then what way remains to save the industry except for it to come to Congress and ask Congress to enact legislation which will restrain the agency within such boundaries as are established with respect to it?

Mr. MURDOCK. The Senator from Oklahoma has a right to come to the conclusion at which he has arrived. He has adopted certain premises with which I do not agree.

Mr. MOORE. Is that not the theory of the Bankhead amendment?

Mr. MURDOCK. The theory of the Bankhead amendment, as I understand it, is that by increasing prices to the textile manufacturers, they in their turn, because of a change of heart, will pay parity prices to the cotton farmers. With that I do not agree.

Mr. BANKHEAD. Does not the Senator realize that the amendment does not propose a uniform increase in prices to the textile mills, but on the contrary, pro-

poses to give increased prices to mills on those items which are now so low that the mills cannot continue to operate and produce them, and proposes to bring down excessive prices on other items?

Mr. MURDOCK. My answer to the distinguished Senator is that what he says his amendment will do, does not square or conform to the language of the amendment.

Mr. BANKHEAD. It will do what we say it will do, if the O. P. A. complies with it. It all depends on the O. P. A.

Mr. MURDOCK. I know that the distinguished Senator takes that position, but I must disagree with him. I return now to what I was saying a while ago, and hope I may be able to finish my statement in a few minutes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. WHERRY. I am very much interested in this discussion. As I understood it, the last statement made by the Senator from Alabama in response to the Senator from Utah was that whether the adoption of the amendment would result in what was claimed for it depended on the good faith of the Office of Price Administration. Is that correct?

Mr. BANKHEAD. Yes; that is what I said.

Mr. WHERRY. I wish to propound a question to the Senator from Utah. If we assume that the success of the amendment depends on the good faith of the Office of Price Administration in administering it, does the Senator from Utah feel that the amendment offered by the Senator from Alabama is in the proper language?

Mr. MURDOCK. In my opinion there could not have been presented anything in the way of an amendment to the price-control measure which would be much more inflationary than the Bankhead amendment. That is my conclusion.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. MURDOCK. Yes.

Mr. WHERRY. Would the adoption of the amendment generally give parity to the cotton producer, and in instances where it would not give parity would it reduce the wholesale price to the processors in the same proportions?

Mr. MURDOCK. I do not believe I follow the Senator.

Mr. WHERRY. It is my understanding that the Bankhead amendment does two things. One is that it gives parity to the cotton producer. The second is that where parity is not paid, that the wholesale price is reflected by a decrease in line with the amount under the parity price at which the processor buys the cotton from the producer. Is that correct?

Mr. MURDOCK. No; I should say that is not correct.

Mr. WHERRY. What is the Senator's interpretation of it?

Mr. MURDOCK. My interpretation of the Bankhead amendment is simply this, that in fixing selling prices on cotton textiles, if the amendment is adopted, first the Price Control Administration must assume that the mills have paid

parity for the cotton. Second, that 90 percent of the production volume of the cotton manufacturers must be taken and the costs ascertained item by item. After finding the cost of the highest-cost producer in the 90-percent volume, the cost of the entire industry item by item is fixed based on that cost. Third, after adding together the parity price of cotton and the cost to produce, then there is another addition in the way of a reasonable profit to every manufacturer.

Mr. WHERRY. When the price is finally stabilized on that basis, then the amendment offered by the distinguished Senator from Alabama provides that parity shall be paid, because the Office of Price Administration has permitted the textile manufacturers to pay that price in establishing the costs. Is that correct?

Mr. MURDOCK. Where does the farmer come out?

Mr. WHERRY. In the event the textile processor does not pay parity, is his ceiling reduced by the amount at which he purchases the cotton below the parity price?

Mr. MURDOCK. The language of the amendment is that if at the beginning of the 60-day period the market value of cotton is at parity, then, of course, there will be no adjustment.

Mr. WHERRY. Yes.

Mr. MURDOCK. The Senator from Alabama has submitted an amendment which calls for the average price for the last 4 weeks. If at the beginning then of the 60-day period the average price of the last 4 weeks of the preceding period is parity, the price is continued at that level. There is no provision in the measure, so long as that price is at parity, for bringing prices down.

Mr. BANKHEAD. That is all the farmer wants, is it not?

Mr. MURDOCK. Yes.

Mr. BANKHEAD. Then, why is the Senator criticizing the farmer?

Mr. MURDOCK. I am not criticizing anyone or anything. I am stating the only conclusion, Mr. President, I can arrive at, while still retaining the highest regard for the Senator from Alabama.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield to the Senator from Arkansas.

Mr. McCLELLAN. I believe the result of this discussion for the last 2 or 3 days, as it was in the Committee on Banking and Currency, has been to emphasize that we do have a problem which needs to be dealt with. Also, that everyone wants to find the answer to the problem. I wish to ask the Senator if he agrees on the proposition, first, that today the farmer is not receiving parity for his cotton.

Mr. MURDOCK. Yes.

Mr. McCLELLAN. That has been thoroughly established, has it not?

Mr. MURDOCK. Yes; I have agreed to that, I should say, at least twice before in my argument.

Mr. McCLELLAN. Is it also conceded that today all ceiling prices of textile products are based on parity for the cotton so as to reflect parity to the farmer,

and is it not so admitted by the O. P. A. authority?

Mr. MURDOCK. The O. P. A. claims that the ceiling prices established by them on cotton textiles are sufficiently high generally to reflect parity to the cotton farmers.

Mr. McCLELLAN. In other words, that means that the cotton farmer could be paid parity for his cotton on the basis of ceiling prices now established?

Mr. MURDOCK. Under the present law there can be no doubt as to that.

Mr. McCLELLAN. Very well. Then, under the present administration of the law and the facts which are conceded, that does leave a windfall of profit somewhere, does it not?

Mr. MURDOCK. I should say that it leaves a very unconscionable windfall of profits.

Mr. McCLELLAN. Very well. If, due to the fact that the farmer is not paid parity for his cotton by mills or by those who purchase the cotton, that windfall exists, then the windfall of profits is ultimately passed on to and hurts the consumer, does it not?

Mr. MURDOCK. Yes.

Mr. McCLELLAN. Ultimately it comes out of the consumer?

Mr. MURDOCK. That is correct.

Mr. McCLELLAN. Very well. On that premise, to which we agree up to now—

Mr. MURDOCK. Does the Senator agree with all the statements he is making?

Mr. McCLELLAN. I do.

Mr. MURDOCK. All right. I want the Senator to remember that he has agreed to those statements.

Mr. McCLELLAN. I am agreeing to that statement for the purpose of this question: If that be correct, then I ask the Senator if this injustice to American consumers exists by reason of present conditions? I am not taking into account now the shortage of clothing, but merely the fact that on the articles now being processed from cotton, and ultimately sold to consumers, there is a great windfall of profit. Does not the Senator agree with me that that condition is one which should be corrected immediately?

Mr. MURDOCK. Yes.

Mr. McCLELLAN. Very well. The O. P. A. has been administering the law for the past 2 years, and this condition has obtained substantially all that time—namely, that the price of cotton has not been up to the parity price, but the ceiling prices have been based on the parity price.

Let me now ask the Senator if he agrees with me that under the present law the O. P. A. does have sufficient power and authority to correct the condition we have just described.

Mr. MURDOCK. No; I certainly do not think it has.

Mr. McCLELLAN. If it does not have sufficient authority to do so, does not the Senator believe we should give it sufficient power, or should set up some formula by way of legislation whereby it could be corrected?

Mr. MURDOCK. I think that certainly should be done if it can be done, and I think it can be done.

Mr. McCLELLAN. Very well; the Senator agrees that it should be done.

If we in the Congress do nothing about it, then what hope is held out to the consumers and to the cotton farmers? Can the Senator offer us any hope as to the future administration of the law by the O. P. A., based on its record in the past, on this particular problem? What hope is offered to the Senate, what hope is offered to the country, what hope is offered to the consumer, what hope is offered to the cotton farmer, that these injustices will be remedied if the Congress does not act?

I should like to have the Senator's opinion on that matter, because I think the condition is a serious one. I say to the Senator and to my other colleagues that I do not wish to have anything done which will tear down whatever good we are accomplishing by the stabilization program. But when we come to an injustice which we all agree works a hardship such as this, when someone is getting a windfall of profit which is coming out of the pockets of the consumers, when the original producer does not receive the price which it is intended he shall receive, and the price upon which the price ceilings are based, can we justify inaction, unless there is some definite hope that the situation will be corrected by the present authorities who are authorized and directed to administer the act?

Mr. MURDOCK. Mr. President, before I answer the Senator's question, I should like to ask him a question. Does the Senator believe in price control?

Mr. McCLELLAN. I certainly do. In answer to that question, I say to the Senator that before the hearings on this bill were concluded and before this amendment was offered, I made a brief radio address in my State, a little more than a month ago, in which I said—and I say this to the Senator now—that I was going to vote for continuation and extension of the Price Control Act and the Stabilization Act, irrespective of whether any amendments were adopted. And I am. I took that position before this amendment was presented, and before I knew it was being considered.

Mr. MURDOCK. I know the Senator was very sincere in that respect. In my answer to his question I will assume the very premises he has laid down, one of which is that the cotton farmer is not receiving the parity price for his cotton, and has not received it, and the other of which is that under the O. P. A. the present ceiling prices on textiles are based on the parity price for cotton, and are fixed with the idea that the profits to the textile manufacturers are sufficiently high to enable the parity price to be paid to the farmers. Up to that point the Senator from Arkansas and I agree.

Now the Senator from Arkansas, in supporting the Bankhead amendment, and the Senator from Alabama seek action on the part of the Senate in order to give the parity price to the cotton farmers. The means by which they are going to do that is to boost again the prices received by the textile manufacturers, who already are getting more



than they are entitled to, according to the premises laid down by the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, will the Senator further yield?

Mr. MURDOCK. I will not yield until I finish my answer. Then I shall yield.

Mr. McCLELLAN. Very well.

Mr. MURDOCK. My answer to the Senator's question as to a remedy for the condition is that we should not add to the already large profits of the textile manufacturers; but if we would put the Bankhead amendment in reverse, and say to the O. P. A. that unless the parity prices are paid to the farmers there will be an adjustment within a 60-day period, and that textile prices shall be revised downward, then what would happen? The farmers would receive the parity price for their cotton.

But under the remedy suggested by the Bankhead amendment, under the remedy which seems to be supported by the able junior Senator from Arkansas, the desire is to add, at the mill level, additional money for the textile manufacturers in the hope that out of their love for the cotton farmers they will pay them the parity price.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MURDOCK. I yield.

Mr. McCLELLAN. The Senator has indulged in an assumption, when he says I am interested in the mill owners.

Mr. MURDOCK. I did not say that.

Mr. McCLELLAN. Very well; I misunderstood the Senator, and I stand corrected.

What I wish to point out, in view of the Senator's explanation and his statement that we wish to have the prices revised downward, in the event that within 60 days the mills do not pay the farmers the parity price, is that if the prices are not revised downward, there will be a continuation of the present situation, under which the Senator admits that a very large windfall of profit has been going to someone.

Mr. MURDOCK. But when would prices be revised downward under the Bankhead amendment?

Mr. McCLELLAN. That would be done within 60 days. It gives them an opportunity to adjust the prices within themselves.

I do not know that this plan will result in having the farmer receive the parity price for his cotton. That is not my primary concern, although I should like to see the cotton farmers receive the parity price for their cotton, because all other agricultural commodities now sell for the parity price, and I should like to see the price of this particular agricultural product brought to the parity price, in justice to the men, women, and children who labor to produce it. I think they are entitled to it. But I should like to point out that if the cotton farmers are not to receive the parity price for their cotton—and cotton is now selling at a cent and a quarter or a cent and a half below the parity price—I do not wish to have the parity price charged to the man who buys the consumer goods.

I do not care how it is worked out. If the amendment will accomplish the de-

sired result, it is a good amendment to the bill. There are honest differences of opinion as to whether it will actually bring about that result. But if it will bring it about, it is a good amendment, and should be adopted, unless the Senator or the O. P. A. or someone else can give the American people hope that this condition will be remedied under existing law. If existing law is not adequate to do it, or if it is adequate but there is no hope that it will be done, then the responsibility is on the Congress to take action, either by this amendment or by some other amendment, so as to remedy the condition.

In this connection, if the Senator will pardon me for a moment more—I did not wish to speak about this before, and I do not wish to take much of the Senator's time—I should like to say that I understood the Senator to say a while ago that he did not necessarily agree, with respect to the claim of a shortage of work clothes, that they had gone off the shelves. The Senator thinks there has been some effect, at least, does he not?

Mr. MURDOCK. I did not agree as to the cause of that removal.

Mr. McCLELLAN. The Senator agrees that they are off the shelves, but he does not agree as to the cause.

Mr. MURDOCK. That is correct.

Mr. McCLELLAN. I am not fully advised as to that. However, my impression is, as has been stated many times in the course of this discussion, that the reason such articles are not being manufactured is that it is more profitable to manufacture higher-priced goods under present ceiling prices of the O. P. A. If that be true, it is a natural consequence that the higher-priced goods should be manufactured, because there is more profit in them. I understand that the ceilings on cheaper goods, such as work clothes, particularly, are so low that they cannot be manufactured at a profit. I heard the discussion in the Senate yesterday. I wish to mention this point while I am discussing this phase of the bill. The claim is that if we adopt the amendment and the farmer receives parity and there is production of work clothes, prices will be increased, and therefore those of us who are inclined to support the amendment as being the best hope for a remedy we can find are accused of raising the prices which working men must pay. In that connection, I mention the statement now being made by the O. P. A. Director that the ultimate cost to the consumer will be increased by \$350,000,000.

Although the result might be to raise the price of a pair of overalls or a work shirt by a few cents, it is my belief that in the long run the few extra cents paid by the farmer or the laboring man for a shirt or a pair of overalls would actually be an economy, in contrast with the situation in which he now finds himself. He is now compelled to buy more costly shirts and other garments, which are of less durability for purposes of work clothes. Therefore, even if he should have to pay a few cents more, if we can stimulate the production of work clothes, in the end he will have more durable goods, goods designed and intended to be used for work

clothes, instead of having to spend far more money for higher-priced, less durable goods. At the end of the year he would be money ahead. In my judgment, the consumers of utility cotton goods would realize a profit from the Bankhead amendment if more of such goods were produced, as compared with present existing conditions.

I should like to ask a further question. Does the Senator have any information from the O. P. A., either as a result of the hearing or as a result of personal contact or otherwise, which enables him to hold out hope to the country, to farmers and consumers, that if no action is taken by the Congress the conditions which we have described will be remedied?

Mr. MURDOCK. Let me say to the distinguished Senator that I am informed that the O. P. A. is now cooperating with the War Production Board to accomplish the very thing he mentions, namely, a stimulation in the production of low-priced garments.

Referring to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the committee amendment, in my opinion, instead of helping the amendment, instead of clarifying it, it simply adds confusion to what in my opinion is a bad amendment. He proposes to substitute for item 2 in his formula the following:

(2) A generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item.

He uses the language "generally fair and equitable," but he changes its application from an application to the industry, as a whole to an application to specific items, which, of course, is a very material change. Then he does away completely, in my opinion, with all the virtue which anyone could possibly imagine in the amendment, by adding the following language:

And whenever the Chairman of the War Production Board or the War Food Administrator has determined such item to be necessary for the war effort or the maintenance of the civilian economy, such allowance shall be computed at a uniform figure that will cover such total current costs in the case of any manufacturer or processor among the manufacturers or processors of at least 90 percent by volume of such item.

What does that add to the Bankhead amendment? It simply says, Mr. President, that if there are any items at the mill level which are not necessary to our civilian economy or to the war program, he would apply to such items the "generally fair and equitable" language. But the moment the Chairman of the War Production Board or the War Food Administrator says that a certain item of textile construction is necessary to the civilian economy or to the war program, the other formula is applied, namely, that the costs of production on that particular item must be the highest costs among the manufacturers or processors of 90 percent of the production of such item.

I ask, Mr. President, if anything in the nature of an equitable modification of the amendment is accomplished by

adding such language? Unless it were desired to apply the 90-percent formula, it would be impossible for the Chairman of the War Production Board or the Food Administrator to say that an item was necessary either to the civilian economy or to the war program. In my opinion, as I previously stated, the amendment would simply add confusion to an already bad condition.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks certain schedules and figures shown on page 14 of a statement issued by the Office of Price Administration.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Change in production of broad woven cotton fabrics from first to fourth quarter, 1943<sup>1</sup>*

	Yardage <sup>2</sup>	Percentage
Cotton duck.....	-59	-34.1
Narrow sheetings and allied fabrics.....	-85	-11.1
Osnaburgs.....	-26	-19.9
Sateens.....	+0.2	+6.7
Birdseye diaper cloth.....	+2	+22.6
Print-cloth yarn fabrics, total.....	-74	-18.5
Fancy print cloth.....	-2	-14.2
Gauze diaper cloth.....	+3	+71.7
Napped fabrics.....	+9	+8.5
Colored-yarn cotton goods and allied fabrics.....	-32	-16.7
Denims.....	-13	-17.5
Bed tickings.....	-3	-11.0
Chambrays.....	-7	-19.1
Ginghams.....	-5	-34.1
Fine cotton goods.....	-60	-16.4
Twills and gabardines.....	-30	-31.1
Towels, toweling, and wash cloths.....	-15	-13.1
Wide cotton fabrics, total.....	-21	-13.2
Specialties and other fabrics.....	+7	+7.2
Total, broad woven cotton fabrics.....	-330	-11.6

<sup>1</sup> Source: Bureau of the Census, Facts for Industry, series 32-2-1, Apr. 4, 1944.

<sup>2</sup> Million linear yards.

Mr. MURDOCK. I wish to read to the Senate the following statement by the Office of Price Administration:

The most serious criticism expressed at the hearings was the charge that existing textile ceilings are preventing or have prevented cotton from reaching parity. If this charge were well-founded, it would, of course, mean that the ceiling prices have been in violation of law.

O. P. A. has given the most intensive study to this question. All the evidence bearing upon the movement of cotton prices which it has been able to gather, or which has been submitted to it, shows that the charge is unfounded—that cotton prices have not been prevented from rising by textile ceilings. This evidence is considered below in connection, first, with mill earnings; second, with the large carry-over of cotton; and, third, with the current operating demand of the mills for cotton, as determined by the volume of textiles they are able to produce.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks all the remainder of page 7 of the statement from which I have been reading.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

#### A. MILL EARNINGS

Is the price of cotton below parity because the textile companies cannot pay more

for cotton? The evidence against such a contention is overwhelming.

The ability of the mills to pay higher prices for cotton, and indeed to pay higher than parity prices, can be shown by a comparison, first of all, of mill earnings in the year 1942 with representative peacetime earnings and then by a comparison, based on a somewhat smaller sample, of 1943 earnings with those of 1942.

The immediate comparison of 1942 earnings is with earnings in the years 1936-39. The claim was made before the Committee that this was an unfavorable period for the cotton-textile industry. The figures, however, do not bear this out. It would be necessary to go back nearly 20 years to find a span of years more favorable, in terms of dollar profits, to the cotton manufacturers. During the 1936-39 period, the industry made more than 3 percent on sales and more than 4 percent on net worth.

Here are the figures for 1940, 1941, and 1942, compared with those for 1936-39. The figures are based on a sample of 148 cotton-textile companies which had in 1942 more than a billion dollars of sales.

Mr. MURDOCK. I wish to read to the Senate some very brief figures relative to profits which are now being made by the textile industry.

The index of sales covers the period 1936 to 1939, the average being fixed at 100. We find that in 1940 the sales were 110; in 1941 the sales were 170; and in 1942 the sales were 234.

Considering the index of dollar profits before income taxes, taking 148 textile companies and the period of 1936 to 1939 as a base of 100, we find that for 1940 the index of dollar profits was 176; for 1941, 546; and for 1942, 963.

In other words, the dollar profits before income taxes, compared with the period 1936 to 1939 as a base, were 963, or approximately 9 times greater than they were during the base period.

Let us consider the index of dollar profits before income taxes, as related to 2,460 industrial corporations. Still using the base period of 1936 to 1939 as 100, we find that in 1940 the dollar profits were 147; in 1941, 261; and in 1942, 306.

The remaining figures on this page bear out the same relationship, and I ask unanimous consent that they, together with the ones which I have already read, be inserted in the RECORD at this point as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

	1936-39 (average)	1940	1941	1942
Index of sales.....	100	110	170	234
Index of dollar profits before income taxes (148 textile companies).....	100	176	546	963
Index of dollar profits before income taxes (2,460 industrial corporations).....	100	147	261	306
Profits before taxes of textile companies as a percentage of:				
Sales.....	3.5	5.6	11.3	14.5
Net worth.....	4.3	7.8	22.9	37.4
Index of dollar profits after income taxes (148 textile companies).....	100	166	419	404
Index of dollar profits after income taxes (2,460 industrial corporations).....	100	126	163	147

The dollar profits before income taxes realized by textile mills in the year 1942 were equaled only in the First World War in 1918 and 1919.

It should be emphasized that this prosperity was well diffused throughout the industry. In 1936-39 this had not been true. Of the 148 companies, 30 companies, doing 20 percent of the sales volume, lost money in that period. An additional 73 of the companies, doing 51 percent of the sales volume, earned before taxes less than 5 percent on sales. Thus companies doing 71 percent of the sales volume earned less than 5 percent on sales. In 1942, on the other hand, every company in the sample, without a single exception, made a profit. Only 19 of the companies, accounting for only 6 percent of the sales volume, earned less than 7.5 percent on sales, a volume which had risen by 134 percent. How remarkable this performance is can best be grasped when it is remembered that in the period from 1921 to 1939 an average of only 50 percent of the mills reporting to the Bureau of Internal Revenue showed any profit at all. In no single year between 1921 and 1939 did the percentage making profits rise above 76.

O. P. A. has given the most intensive study to this question. All the evidence bearing upon the movement of cotton prices which it has been able to gather, or which has been submitted to it, shows that the charge is unfounded—that cotton prices have not been prevented from rising by textile ceilings. This evidence is considered below in connection, first, with mill earnings; second, with the large carry-over of cotton; and, third, with the current operating demand of the mills for cotton, as determined by the volume of textiles they are able to produce.

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Is the price of cotton below parity because the textile companies cannot pay more for cotton? The evidence against such a contention is overwhelming.

The ability of the mills to pay higher prices for cotton, and indeed to pay higher than parity prices, can be shown by a comparison, first of all, of mill earnings in the year 1942 with representative peacetime earnings and then by a comparison, based on a somewhat smaller sample, of 1943 earnings with those of 1942.

The immediate comparison of 1942 earnings is with earnings in the years 1936-39. The claim was made before the committee that this was an unfavorable period for the cotton textile industry. The figures, however, do not bear this out. It would be necessary to go back nearly 20 years to find a span of years more favorable, in terms of dollar profits, to the cotton manufacturers. During the 1936-39 period, the industry made more than 3 percent on sales and more than 4 percent on net worth.

Here are the figures for 1940, 1941, and 1942, compared with those for 1936-39. The figures are based on a sample of 148 cotton textile companies which had in 1942 more than a billion dollars of sales.

Mr. MURDOCK. Mr. President, I fully agree with the Senator from Arkansas [Mr. McCLELLAN] and the Senator from Alabama [Mr. BANKHEAD] that if there is anything which Congress can do to insure, indubitably, parity for the cotton farmers it should be done. I think the surest method and, according to the gentleman from South Carolina, Representative FULMER, the safest method would be to raise the loan rate on cotton to 100 percent of parity. That would not mean that the Government would have to buy the entire crop; it would mean that



without any question the farmers would be paid parity for their cotton.

Mr. BARKLEY. Mr. President, I believe that the time has come when we should vote on the amendments to this bill. I believe that every Member has made up his mind as to how he will vote. I further believe that it explains the reason for such sparse attendance of Senators during the debate. I had hoped that we could complete consideration of the bill today. I now serve notice on the Senate that if we do not complete consideration of the bill today we shall have to hold a session tomorrow. I hope that Senators will forego further speeches until after the vote has been taken. I am foregoing my right to inflict upon the Senate a visitation of my views on the subject, and I hope that other Senators will do likewise, with the purpose in mind of bringing to a close consideration of the pending legislation. The time is growing short in which to pass legislation through both Houses and have it reach the President in time to be acted upon before a voluntary, official, formal, or informal exodus takes place from this city on the part of statesmen who dwell here. Therefore, I urge the Senate to get down to brass tacks and to begin voting.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD] to the pending committee amendment.

Mr. MALONEY. Mr. President, do I understand that we are now about to vote on the so-called perfecting amendment?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the amendment of the Senator from Alabama to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, there are two more perfecting amendments to which I believe there will be no objection. I send the first one to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Alabama to the committee amendment.

The CHIEF CLERK. In the committee amendment on page 13, after line 20, it is proposed to insert the following:

Whenever the maximum price established for sales at any subsequent level of manufacture, processing, or distribution of any commodity which is constituted in whole or substantial part of any textile item is in excess of a price which in the judgment of the Administrator will provide a generally fair and equitable margin at such level of manufacture, processing, or distribution, then the Administrator may reduce such maximum price to any price which in the judgment of the Administrator will provide a generally fair and equitable margin at such level.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama to the committee amendment.

Mr. MALONEY. Mr. President, I should like to be sure that we are proceeding in the proper manner.

The PRESIDING OFFICER. The Chair hopes that the statement of the

Senator from Connecticut is no reflection upon the Chair.

Mr. MALONEY. If so, it is only a mild reflection. I should like to be sure that we are not being asked to vote on these amendments, consisting of the one which has just been read and the remaining one which is to be proposed. As I understand, the Senator from Alabama has the right to modify his own amendment.

Mr. BARKLEY. Not after the yeas and nays have been ordered on the original amendment.

The PRESIDING OFFICER. The difficulty is that the yeas and nays have been ordered on the original amendment.

Mr. MALONEY. Mr. President, I should like to be sure that the yeas-and-nays procedure will not deny me the opportunity of offering a substitute for the Bankhead amendment as perfected.

The PRESIDING OFFICER. The present occupant of the chair rules that the Senator from Connecticut will be entitled to offer his substitute amendment after the Bankhead amendment has been perfected.

The question is on agreeing to the amendment of the Senator from Alabama to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, I offer another amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Alabama to the committee amendment.

The CHIEF CLERK. In the committee amendment on page 13, line 20, after the period, it is proposed to insert the following:

Whenever the maximum price established for any item to which this paragraph is applicable is in excess of a price which in the judgment of the Administrator is generally fair and equitable and is also in excess of the lowest maximum price which could be established therefor in accordance with the foregoing provisions of this section, the Administrator may reduce the maximum price for such items to a price which in his judgment will be generally fair and equitable, except that such maximum price shall in no event be reduced to a price lower than the lowest maximum price which could be established therefor in accordance with the foregoing provisions of this section or be reduced to a price which will impede the effective prosecution of the war or the maintenance of the civilian economy.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the committee amendment.

The amendment to the amendment was agreed to.

Mr. MALONEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Bilbo	Butler
Austin	Brewster	Byrd
Ball	Bridges	Capper
Bankhead	Burton	Caraway
Barkley	Bushfield	Chandler

Chavez	Kilgore	Stewart
Clark, Mo.	La Follette	Taft
Connally	Lucas	Thomas, Idaho
Cordon	McClellan	Thomas, Okla.
Danaher	McFarland	Thomas, Utah
Davis	McKellar	Tobey
Downey	Maloney	Truman
Eastland	Maybank	Tunnell
Ellender	Mead	Vandenberg
Ferguson	Millikin	Wagner
George	Moore	Wallgren
Gerry	Murdock	Walsh, Mass.
Gillette	Murray	Walsh, N. J.
Guffey	Nye	Weeks
Gurney	O'Daniel	Wheeler
Hatch	Overton	Wherry
Hawkes	Radcliffe	White
Hill	Reed	Wiley
Holman	Robertson	Willis
Jackson	Russell	Wilson
Johnson, Colo.	Shipstead	

The PRESIDING OFFICER. Seventy-seven Senators have answered to their names. A quorum is present. The question is on the committee amendment, as amended.

Mr. MALONEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut wish to offer a substitute at this time?

Mr. MALONEY. Yes, Mr. President.

The PRESIDING OFFICER. Then, the substitute is the pending question. Does the Senator wish to have the proposed substitute reread?

Mr. MALONEY. I should like to have it reread.

The PRESIDING OFFICER. The amendment to the amendment will be again stated.

The CHIEF CLERK. In lieu of section 201 of the committee amendment it is proposed to insert the following:

SEC. 201. The Stabilization Act of October 2, 1942, is amended by inserting after section 3 the following new section:

"Sec. 3. (a) The Economic Stabilization Director is authorized and directed to coordinate the activities of all the departments and agencies of the Government concerned with the production and distribution of essential textiles, apparel, and other textile products in effectuating a comprehensive national policy to increase the supply and improve the quality of such essential products to the maximum extent consistent with the effective prosecution of the war and the stabilization of the cost of living. Special emphasis shall be given in the policy to the production and distribution of low-cost children's clothing, work clothing, and other low-cost staple textile products.

"(b) Every agency of the Government concerned, directly or indirectly, with the production or distribution of such essential textiles, apparel, or other textile products is directed, in cooperation with the Director and with each other, to utilize its full legal authority to put the policy promptly into effect. So far as each may be authorized by law and to the fullest extent necessary to effectuate the policy, it shall be the specific duty and responsibility—

"(1) of the War Production Board to develop adequate production and distribution programs and to take appropriate action to direct production, to grant priorities, and to control the distribution of facilities, raw materials and processed commodities so that, as far as practicable without interference with other needs of the war and the defense program, essential textiles, apparel and other textile products (as designated by the War Production Board in an extent sufficient to effectuate the policy) shall be produced and distributed in the proportions by price lines and in the qualities (especially durability) in which they were produced and distributed in an appropriate base period to be desig-

nated by the Economic Stabilization Director;

"(2) of the War Manpower Commission to take such action as may be appropriate to avoid shortages of manpower required by the program;

"(3) of the Smaller War Plants Corporation to take such action as will enable small business concerns to participate to the fullest extent practicable in the program; and

"(4) of the Office of Price Administration (1) to establish, as far as may be practicable, dollar-and-cents maximum retail prices for the items designated by the War Production Board, utilizing, where appropriate, minimum specifications established by or in cooperation with the War Production Board and (2) to take such action as may be necessary to remove price impediments to the production or distribution of commodities required by the program, including increases in maximum prices where no practicable alternative exists to carry out the purposes of this section and including reductions in maximum prices either to offset such increases or to prevent diversion from production or distribution of commodities required by the program.

"(c) From time to time, the Director shall transmit to the Congress a report of operations under this section. If the Senate or the House of Representatives is not in session, such report shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be."

**The PRESIDING OFFICER.** The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Connecticut [Mr. MALONEY].

Mr. MALONEY. Mr. President, many months ago I introduced in the Senate a joint resolution providing for a study of the reorganization of Congress. This would be a very appropriate time to discuss that, in view of the absence of so many Senators who are compelled to be absent from the Chamber because of pressing duties on important Senate committees. These committees are in session, and it is obvious that Senators will not be present until a call for a vote is rung. There are very few more Senators in the Chamber now than there were when I earlier discussed the amendment at some length, and I do not intend to take the time of the Senate to go over the arguments again, for the reason which I have just given, in addition to the appeal made by the distinguished majority leader that we hasten to the conclusion of the consideration of the pending measure.

I should just like to point out that the proposal which I offer has the approval of the Office of Price Administration, the approval of the War Production Board, the approval of the Economic Stabilization Director, and of many private organizations, representing millions of people, throughout the country. I think it meets, or goes far toward meeting, the aims of the distinguished Senator from Alabama. I cannot see any occasion for opposing or objecting to the amendment which I offer, except, of course, in the instance where it is offered as a substitute for another amendment. I think on its own it would have the almost unanimous support of the Senate.

I shall not delay longer, because I see no purpose in it. I ask for the yeas and nays on my substitute amendment.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I think there is a legitimate question on the Bankhead amendment, and a real difference of opinion, but I can see no excuse for the Maloney substitute. As I see it, it confirms everything the Administration has done in price policy as to cotton goods. It gives the War Manpower Commission and the War Production Board powers which are at least doubtful, but which they are now using. Some months ago they did exactly what they would be required by the amendment to do. They issued their comprehensive program, and under it the War Production Board is to compel mills to produce articles at less than cost. We know that to be so. The evidence shows the orders of the Director of Economic Stabilization to make the mills produce at cost. Their proposal for bringing about a greater production of cheap goods is to say to the mills, "You have to produce these at cost or less than cost, or we will cut off all your supplies and priorities." That is the very thing that has led me to support the Bankhead amendment, to get rid of that comprehensive plan for production, which I think has been a failure, and will be a failure. That is the plan of the Maloney amendment, which provides:

The Economic Stabilization Director is authorized and directed to formulate a comprehensive and coordinated national program.

That has been done. That is not the trouble. The trouble is that it is the wrong program. I read further from the amendment:

So far as each may be authorized by law and to the fullest extent necessary to effectuate the program, it shall be the specific duty and responsibility—

(1) of the War Production Board to allocate necessary facilities and materials to the production of the commodities required by the program and to institute appropriate restrictions when and to the extent that the production or distribution of any commodity is inconsistent with the program.

In other words, the amendment in so many words would authorize the War Production Board to go into any mill and say, "You must produce these goods for civilian consumption at whatever prices the Price Administration chooses to fix, at cost or less than cost."

Mr. MALONEY. Mr. President, what the Senator last said is entirely the truth, that they are compelled to manufacture at whatever prices are designated by the Office of Price Administration. That is true of every commodity. That is true of every single item with which the Office of Price Administration deals. The amendment would not result in what the Senator from Ohio first indicated. It would merely mean that those engaged in these manufacturing businesses must help, must contribute their share in the war program by manufacturing sorely needed cheap articles of clothing. It has not anything to do with prices. That is something that is determined by the Office of Price Administration, entirely apart from this amendment.

Mr. TAFT. Not at all. The amendment provides further that the Office of Price Administration shall "take such

action as may be necessary to remove price impediments to the production or distribution of commodities required by the program, including increases in maximum prices where no practicable alternative exists", and so forth.

The O. P. A. says there is a practicable alternative, namely, to order people to make things at less than cost, or get the War Production Board to cut off all their supplies if they do not do it. That is the practicable alternative that is provided in the order of the Director of Economic Stabilization.

So that all the amendment would do would be to affirm and give congressional authority to the program which has been tried in an attempt to meet the difficulty in regard to cotton goods.

I say there may be some argument for not taking the Bankhead amendment, but there is no argument for asking Congress to go on record in favor of a policy which has already failed, and which is bound to fail if it is continued.

Mr. MALONEY. Mr. President, in view of the statement of the distinguished Senator from Ohio, I must say a concluding word. He is in part stating the case; the amendment intends that the agencies of Government with the power would tell men engaged in the production of clothing that they should do their share, that if they are to reap profits, they are to make some contribution to the war effort. No one expects a soldier to say that he will obey a forward march order a little later. We are saying to those engaged in this industry, operating at great profit, that they shall not go backward while our soldiers in the same war effort are going forward. We are saying to them, "You have waited too long. You have a part to play. Your industry has been negligent. You are going to participate in the program in its entirety, to the extent you can, or you are not going to be permitted to reap a harvest." Under the priority powers of the War Production Board, under the allocation powers of the War Production Board, we can do the things that are suggested by the Bankhead amendment.

Mr. President, I think this is all important, and I am very hopeful that the Senate will agree to the amendment, and that we will adopt it as a substitute for the Bankhead amendment.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Connecticut [Mr. MALONEY] for the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HILL. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] are absent from the Senate because of illness.

The Senator from Texas [Mr. CONNALLY] is detained in a committee meeting.

The Senator from North Carolina [Mr. REYNOLDS] is detained in one of the Government departments on matters pertaining to his State.



The Senator from Florida [Mr. ANDREWS], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Arizona [Mr. HAYDEN], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are detained on public business.

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Florida [Mr. PEPPER] are necessarily absent.

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS] is paired with the Senator from Maryland [Mr. TYDINGS].

The Senator from North Dakota [Mr. NYE] is paired with the Senator from Arizona [Mr. HAYDEN].

The Senator from Illinois [Mr. BROOKS], the Senator from North Dakota [Mr. NYE], the Senator from North Dakota [Mr. LANGER], the Senator from Delaware [Mr. BUCK], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The result was announced—yeas 24, nays 51, as follows:

## YEAS—24

Barkley	La Follette	Truman
Chavez	Lucas	Tunnell
Downey	Maloney	Wagner
Ellender	Mead	Wallgren
Guffey	Murdock	Walsh, Mass.
Jackson	Murray	Walsh, N. J.
Johnson, Colo.	Radcliffe	Wheeler
Kilgore	Thomas, Utah	Wilson

## NAYS—51

Alken	Davis	O'Daniel
Austin	Eastland	Overton
Ball	Ferguson	Reed
Bankhead	George	Robertson
Bilbo	Gerry	Russell
Brewster	Gillette	Shipstead
Bridges	Gurney	Stewart
Burton	Hatch	Taft
Bushfield	Hawkes	Thomas, Idaho
Butler	Hill	Thomas, Okla.
Byrd	Holman	Tobey
Capper	McClellan	Vandenberg
Caraway	McFarland	Weeks
Chandler	McKellar	Wherry
Clark, Mo.	Maybank	White
Cordon	Millikin	Wiley
Danaher	Moore	Willis

## NOT VOTING—21

Andrews	Glass	O'Mahoney
Bailey	Green	Pepper
Bone	Hayden	Revercomb
Brooks	Johnson, Calif.	Reynolds
Buck	Langer	Scrugham
Clark, Idaho	McCarran	Smith
Connally	Nye	Tydings

So Mr. MALONEY's amendment in the nature of a substitute for the committee amendment was rejected.

Mr. DANAHER. Mr. President, I am opposed to the so-called Bankhead amendment. I joined in the minority views against it. I had hoped to speak briefly as to the amendment on which the vote was just taken. During much of the discussion which preceded the vote I was necessarily absent, because I am one of the conferees on the veterans' bill, and we have been in active session. I now wish to cause the RECORD to show that the amendment just voted upon was not considered by the committee.

Furthermore, Mr. President, there are certain excerpts from the record of the hearings which I think the RECORD should show. From the hearings at page

46 I read from the testimony of Mr. Bowles:

Mr. Chairman, I appear before this committee to ask that the price-control statutes be extended substantially as they stand today. While I have been frank to say to you that the administration of the law has been faulty in many respects, the progress we have made in administration bears considerable promise for the future. But regardless of past and even future errors, the past stands at that. Under the statutes as written by Congress and with the powers granted by them we have carried out the mandate of the Congress to stabilize prices and rents.

Again, Mr. President, at page 47, Mr. Bowles said:

Some of the witnesses who will appear before you will suggest amendments to the statutes. I hope that later, before these hearings are concluded, you will give me opportunity to comment upon such suggestions and give you my best judgment on how these proposed amendments would affect our operations.

Mr. President, as to each of the amendments which was proposed before the committee we had the benefit of the suggestions and the comments of Mr. Bowles and his counsel. Those amendments were extensive. Their comments were more so. They ran through over 120 mimeographed sheets. Long hours of consideration were given to all the amendments which actually were submitted to the Senate Committee on Banking and Currency.

I turn next to the statement of Mr. Donald M. Nelson, Chairman of the War Production Board. His testimony appears at page 283 of the hearings. The chairman, the Senator from New York [Mr. WAGNER], addressed him:

Would you suggest any amendments to the act as the result of your experience?

Mr. NELSON. No, sir; I do not know that I could, sir, suggest any amendments to the act. Like everything else, an act has to be brought into being, and there have to be working relationships from day to day in the working out of that bill; and in its present form, sir, I believe it is very satisfactory as far as we are concerned.

Then, Mr. President, Judge Vinson, Economic Stabilization Director, appeared before us. At page 1117 of the hearings, Judge Vinson stated:

First, as to the statutory powers themselves. I will not dwell upon these except to say that since the passage of the act of October 2, 1943, the statutory directive has been clear and unmistakable and the powers conferred have been fully adequate to the great responsibilities laid upon the President and the stabilization agencies. My experience with operations under these statutes, first as a member of the Emergency Court of Appeals and later as Director of the Office of Economic Stabilization, has led me to the conclusion both that all the powers conferred by the statutes are necessary for the full discharge of these responsibilities and that the statutes provide ample protection against abuse of those powers. I am convinced that amendment in any substantial particular would be highly dangerous. This is no time to tinker or tamper with a working program.

Mr. MALONEY. Mr. President, will my colleague yield?

Mr. DANAHER. I yield to my colleague.

Mr. MALONEY. Is the Senator by any chance referring to my substitute amendment, which was so overwhelmingly defeated a moment ago?

Mr. DANAHER. Yes.

Mr. MALONEY. I should like to point out in my colleague's time, and with his permission, that the statements which were made by the heads of the various agencies, and from which he is now reading, were made before the Bankhead amendment was finally adopted by the committee; and I should like to add, if I may, that during the course of the discussion of my proposal I said time and again that it had the approval of Mr. Vinson and Mr. Bowles and the War Production Board.

Mr. DANAHER. Mr. President, I wish to recall to my colleague that I voted against the Bankhead amendment, and I am on record in the minority views against its adoption.

Again on page 1124, Judge Vinson said:

Mr. Chairman, as it stands today, in my view, price control is a proven success. The job which the Congress assigned has been carried out and carried out extremely well. For its continuation, no significant change in the statutes is required.

I end the quotations from the record of the hearings. Every one of those quoted excerpts from the testimony applies not only to the amendment just considered, but also to the Bankhead amendment which is pending, and the other suggested Bankhead amendments which lie on our desks and as to which I assume the Senator from Alabama will press for action.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended, inserting a new section 201. On this question the yeas and nays have been demanded and ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD (when his name was called). On this question I have a pair with the senior Senator from South Carolina [Mr. SMITH]. Were he present, he would vote "yea." Were I permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] are absent from the Senate because of illness.

The Senator from Montana [Mr. MURRAY] is detained in a committee meeting. I am advised that if present and voting, he would vote "nay."

The Senator from North Carolina [Mr. REYNOLDS] is detained in one of the Government departments on matters pertaining to his State.

The Senator from Florida [Mr. ANDREWS], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Arizona [Mr. HAYDEN], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are detained on public business.

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Florida [Mr. PEPPER] are necessarily absent.

The Senator from Arizona [Mr. HAYDEN] has a general pair with the Senator from North Dakota [Mr. NYE]. I am not advised how either Senator would vote if present and voting.

The Senator from North Carolina [Mr. BAILEY] is paired with the Senator from Rhode Island [Mr. GREEN]; the Senator from Nevada [Mr. McCARRAN] is paired with the Senator from Florida [Mr. PEPPER]; the Senator from Maryland [Mr. TYDINGS] is paired with the Senator from Illinois [Mr. BROOKS]; the Senator from Idaho [Mr. CLARK] is paired with the Senator from Virginia [Mr. GLASS]; and the Senator from North Carolina [Mr. REYNOLDS] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. I am advised that if present and voting, the Senators from North Carolina [Mr. BAILEY and Mr. REYNOLDS], the Senator from Nevada [Mr. McCARRAN], the Senator from Illinois [Mr. BROOKS], and the Senator from Idaho [Mr. CLARK] would vote "yea," and that the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. PEPPER], the Senator from Maryland [Mr. TYDINGS], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] would vote "nay."

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS], who would vote "yea," is paired with the Senator from Maryland [Mr. TYDINGS], who would vote "nay."

The Senator from North Dakota [Mr. NYE] has a general pair with the Senator from Arizona [Mr. HAYDEN].

The Senator from Illinois [Mr. BROOKS], the Senator from North Dakota [Mr. LANGER], the Senator from North Dakota [Mr. NYE], the Senator from Delaware [Mr. BUCK], and the Senator from West Virginia [Mr. REVERCOMB] are necessarily absent.

The Senator from North Dakota [Mr. NYE] and the Senator from Delaware [Mr. BUCK] would vote "yea," if present.

The result was announced—yeas 39, nays 35, as follows:

## YEAS—39

Aiken	Gillette	Reed
Austin	Hatch	Robertson
Bankhead	Hawkes	Russell
Bilbo	Hill	Shipstead
Bushfield	Holman	Stewart
Butler	McClellan	Taft
Capper	McFarland	Thomas, Idaho
Caraway	McKellar	Thomas, Okla.
Chandler	Maybank	Weeks
Clark, Mo.	Millikin	Wherry
Connally	Moore	White
Eastland	O'Daniel	Wiley
George	Overton	Willis

## NAYS—35

Ball	Gerry	Thomas, Utah
Barkley	Guffey	Tobey
Brewster	Gurney	Truman
Bridges	Jackson	Tunnell
Burton	Johnson, Colo.	Vandenberg
Chavez	Kilgore	Wagner
Cordon	La Follette	Wallgren
Danaher	Lucas	Walsh, Mass.
Davis	Maloney	Walsh, N. J.
Downey	Mead	Wheeler
Ellender	Murdock	Wilson
Ferguson	Radcliffe	

## NOT VOTING—22

Andrews	Green	Pepper
Bailey	Hayden	Revercomb
Bone	Johnson, Calif.	Reynolds
Brooks	Langer	Scrugham
Buck	McCarran	Smith
Byrd	Murray	Tydings
Clark, Idaho	Nye	
Glass	O'Mahoney	

So the committee amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 13, after line 20, to insert:

## SETTLEMENT OF DISPUTES UNDER RAILWAY LABOR ACT

SEC. 202. Section 4 of such act of October 2, 1942, is amended by adding at the end thereof the following new paragraph:

"In any dispute between employees and carriers subject to the Railway Labor Act, as amended, as to changes affecting wage or salary payments, the procedures of such act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such act, as a prerequisite to effecting or recommending a settlement of any such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement are consistent with such standards as may be then in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies. Where such finding and certification are made by such agency, they shall be conclusive, and it shall be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement or recommended settlement with respect to which such finding and certification were made."

Mr. BARKLEY. Mr. President, now that the main "hump" of amendments has been disposed of, it seems to me entirely possible that we may conclude consideration of the bill today. I ask Senators to remain in the Chamber, or available, so as to cause as little delay as possible, in order that we may conclude the consideration of the bill before the close of the session today, even if we must remain in session a little longer than usual.

Mr. TAFT. Mr. President, I intend to speak on the general subject of the bill, rather than on the amendment reported by the committee, offered originally by the Senator from New York [Mr. WAGNER] exempting railroad labor from the provisions of the Stabilization Act.

As a member of the Banking and Currency Committee, I have joined in the report recommending continuation of the Office of Price Administration, and I concur in the general statement of the report. I wish to make clear at this time, as I did last week, that I do not concur in the Supplemental Statement and do not regard that statement as a part of the report. It presents a summary of the evidence entirely from the Price Administration point of view, without any consideration of the pages of evidence received from those criticizing—and criticizing fairly and correctly in many cases—the policies of the Price Administration. With many of the conclusions of the supplemental statement, and many of the policies of the Price Administration, I emphatically disagree.

The fixing of all prices and wages by the Government can only be at best a complicated, arbitrary, and oppressive regimentation of the people. It involves Government control of a billion or more transactions every weekday of the year. It must necessarily limit freedom and choke all initiative and enterprise. Once it is undertaken, in order to make it effective and prevent evasion, control must extend to all kinds of practices and incidental activities. It could not be continued in peacetime without practically eliminating freedom in the United States.

Yet, I believe, in a war of the colossal size of the present war, we would be worse off without it than with it. Inflation of prices is always a danger in time of war because of the huge expenditures of the Government. Last year and this year our annual deficit exceeded \$50,000,000,000, and only the most strenuous efforts can prevent a dangerous increase in prices. Price control is not the only method of reducing this danger. The Government should reduce its expenses, but it is very difficult for Congress to restrain waste in time of war with the expenses controlled by officials whose attention is entirely devoted to the success of the war effort.

Second, the danger can be reduced by increasing taxes, but it is also true that too great an increase in taxes may do more harm to the national economy and the national morale than inflation itself. Whether we have reached that point is now in dispute.

Third, we can reduce the danger of inflation by selling bonds only for money that is truly saved, and not in large volume to the commercial banks to create additional deposits. Along this line real progress has been made, although we were very slow to follow it in the first years of the war.

Fourth, a system of drastic rationing may reduce demand and remove pressure on prices.

With all of these measures, however, I do not believe prices could be held within reasonable bounds without price fixing. Also, there are many war maladjustments which would normally, without the Government borrowing, result in spectacular price increases for particular commodities. Therefore, I believe that price control is necessary, much as I deplore it. Every witness appearing before the committee agreed with this conclusion, even though he himself may have been injured by the control.

In my opinion, while excessive inflation of prices is a real danger, that danger has been deliberately exaggerated as a justification for demands for arbitrary power. Reasonable and very gradual increases do not seem to me to be a serious threat. To a certain extent, even, increasing prices assist the creation of prosperity. Prices, after all, are only an index, and if all increases were uniform, everyone would be in approximately the same position. The difficulty is that a rapid increase of prices distorts the relationship between different groups and interests in the population, creating bitterness and controversy, and throwing



the whole economy largely into confusion. If uncontrolled, it increases rapidly the returns to the producers, including the farmer. It also increases business profits for processing and distributing, just as falling prices are likely to wipe those profits out.

Ordinarily, wages cannot keep up with the increase. Fixed salaries certainly cannot do so, and the relative return to savers and investors rapidly decreases. In extreme inflation all savings are wiped out. If controls are instituted, however, there is always some danger that they may be overdone. If wages increase faster than prices, there may well be a reduction in the production of goods, and also business losses which can bring depression and unemployment. If the war were to end today and the present drastic price policies of the Price Administration were continued, I believe they would seriously threaten any post-war recovery.

If Congress has once determined on the necessity of price control, the actual carrying out of that policy must be largely one of administration. Congress cannot fix the actual prices or write the details of regulations. It must grant discretion and legislative authority to the Price Administrator, just as it had to do the same thing in authorizing the Interstate Commerce Commission to fix railroad rates. Inevitably, the powers granted must be broad, and therefore they are capable of abuse, no matter what Congress may do. Furthermore, the whole process is so complex that mistakes are not only possible, but almost certain. Your committee received scores of serious complaints against the Price Administration, but found that attempts to delimit the powers of the Administrator in a statute were difficult to draft without limiting some powers which are clearly desirable if price control is to be effective. The existence of this situation is reason enough for abolishing price control at the earliest possible moment after the war.

No doubt many Senators have received complaints from their constituents, often very convincing in their sincerity and logic, but a large number of these complaints relate clearly to matters of administration. Congress cannot, and should not, undertake to correct all mistakes of administration by changes in the statutory law. Most of the amendments to the act proposed by your committee are intended to improve the procedural section of the act—I think all except the Bankhead amendment, which involves a question of fundamental price policy. We have tried to see that every man may have a fair and public hearing within the Price Administration, and an appeal to the courts against arbitrary and capricious action. This is the first essential and it is not met by the present act, or the actual practice.

The original acts, however, do contain certain fundamental principles which the Administrator is bound by law to observe. The courts are given the task of seeing that he does abide by those principles, and if our procedural amendments are effective, departures from those principles can now be challenged by the men who are affected. The acts provide that maximum prices fixed shall

be generally fair and equitable, and that rents shall be generally fair and equitable. As a starting point, consideration was to be given to the prices in effect from October 1 to October 15, 1941, and then later to those in effect on September 15, 1942. Prices fixed which are no longer fair and equitable become invalid and therefore must be adjusted so that they may be fair and equitable. The Emergency Court has so held over the protest of the Administrator. Individual adjustments may be made, even though the general price or rent scale is fair and equitable. Maximum prices for agricultural products cannot be below parity in general, and articles processed from such commodity cannot be priced below a figure which will reflect parity to the producer. That means a fair and equitable margin to the processor over parity.

If the Price Administrator abides by these general principles, there should be no unusual hardship caused to any producer, or distributor, by price control. The person aggrieved should be able to prevent such hardship by following the procedure prescribed in the act.

Unfortunately, the Price Administrator, in his administration of the act, has made many serious departures from the spirit of the act, and in some cases, from its language. It is my belief that this conflict with the policy prescribed by Congress grows out of the so-called freeze theory. There is nothing in either act which authorizes such a theory. The act requires prices to be fair and equitable, and to be constantly adjusted, if necessary, to secure that result. The freeze theory prescribes that they shall remain where they are, regardless of fairness or equity. The theory was frequently discussed, but was not finally adopted by the Administrator until the issuance on April 8, 1943, of Executive Order 9328. One of the purposes of this order, stated in its preamble, is "to prevent increases in wages, salaries, prices, and profits, which, however justifiable, if viewed apart from their effect upon the economy, tend to undermine the basis of stabilization." Incidentally, nothing in either act says anything about profits, and the Administrator has nothing to do with profits, except as the general profit condition of an industry affects the reasonableness of the prices charged.

Paragraph 1 of this order 9328 says further that the Price Administrator "is directed to authorize no further increase in ceiling prices except to the minimum extent required by law." In short, the Administrator is not to carry out the principles of fair and equitable prices, but only to increase prices if the courts compel him to do so. He is authorized by this order to make adjustments for various purposes "provided that such action does not increase the cost of living." This seems to mean that adjustments can only be allowed producers if the increases are absorbed by the processor or distributor, and that increases can only be allowed the manufacturer if they are absorbed by the distributor. In short, the order conflicts with the principles of the acts of Congress, and goes far beyond the provisions of those acts.

The freeze theory, in my opinion, is unsound because it freezes wages and prices exactly where they are on a given date. It therefore freezes all injustices, low wages, unfair prices, and depressed industries. This might not be so bad if the injustices were not frequently increased, and new injustices created, by a steady increase in costs, particularly raw materials and wages, compelled by war conditions. For various reasons it is absolutely impossible to freeze all costs. Public opinion demands the adjustment of unduly low wages and farm prices. Sometimes increases are essential in order to obtain production. Wages cannot be frozen, and have not been frozen. On April 20, the Senator from Kansas [Mr. REED] wrote a very clear letter to Mr. Bowles, criticizing the statement that "basic wage rates have been firmly held" and showing that during the year 1943 the increase in the average hourly earnings of factory workers increased from 91.9 cents per hour to 100.1 cents per hour, an increase of nearly 9 percent. On March 15 this figure reached 100.6, an increase of about 8 percent since March 15, 1943. Yet during those 12 months the cost of living was held almost level.

This increase in average hourly earnings has occurred in spite of the Little Steel formula which purports to freeze wages. In fact, that formula only attempts to freeze basic wage rates, whereas the cost of labor is based on average hourly earnings. In my opinion, if the Little Steel formula were enforced, it would be unfair and unjust. Labor should not be held to an increase of 15 percent over January 1, 1941, when the cost of living has gone up 25 percent. All sorts of evasions have made possible the increases in average hourly earnings. Salaried employees and weak unions are held to this unjust limit, while concessions are made to the powerful unions. We saw in the coal case, and in the railroad case, how methods were found to evade the Little Steel formula in order to get the just result demanded by price conditions. At the present time steel workers are demanding a very substantial increase and the general impression is that, one way or another, they will get it. In short, the freeze policy is impossible to carry out.

It is furthermore true that in spite of the freeze policy during the last year, and the stable cost of living, some important raw materials have substantially increased. Thus, in 12 months the price of lumber has increased 8.7 percent; the price of coal has increased approximately 6 percent; and the price of cattle feed has increased 7 percent.

Those products enter substantially into the price of manufacturing and distributing, and yet the Price Administrator has refused to make any compensating increases in retail prices. His only answer is that corporation profits are still large. This may be true in many lines, particularly those dealing with the Government, where they are subject to reduction by renegotiation; but this high average is of little interest to the particular businessman who is compelled to sell at a loss, or to the individual land-

lord who cannot increase rents to meet largely increased costs. In short, the freeze theory has been applied to the producer, the farmer, and businessman, but not to anyone else.

I should like to suggest that it is just as dangerous to get prices below wages, as it is to let prices increase more than wages. Since the beginning of the war prices have gone up 25 percent, whereas hourly earnings have gone up about 45 percent, and take-home pay has gone up approximately 70 percent. It is interesting to note that in England the cost of living has gone up 28 percent as compared to 25 percent, and wages have gone up to approximately the same percentage as here. In April, Sir John Anderson, Chancellor of the Exchequer, announced that the Government was going to permit the cost of living to go up 5 percent, because of the fact that wages were still increasing.

There is serious doubt whether the fixing of prices is not being overdone. The only reason that a number of industries have been able to continue is because of their increased volume. The moment that volume stops, they will either have to close down or prices will have to be increased. The increase must occur at exactly the same time as a decrease occurs in wages, at least in take-home wages. All of us are looking to private enterprise to reconvert their plants to peacetime production, seek new products and new capital in order to give increased employment. If the price policy is not relaxed, it will be very difficult to get any business to go ahead with the capital improvements necessary for increased employment. Furthermore, the capital-goods industry, on which so much depends, may be as dead as it became in 1937 when wages and other costs outran prices. In my opinion, the Price Administration should hold prices as low as possible, but they should give industry and commerce a fair hearing and increase prices to compensate in some substantial part for increased costs. The whole relation of margins to price should not be destroyed merely because the more efficient firms are receiving profits of which the Government takes the lion's share. If wages cannot be held, price increases should be permitted in approximately the same percentage.

In my opinion, the determination of the Administration to hold the cost of living absolutely fixed at all costs has led to the adoption of numerous devices subject to the most serious criticism.

First. The payment of subsidies to compensate for increased costs, when prices should have been allowed to rise. While some subsidies are justifiable as a means of preventing a price increase on a large group of products, not requiring subsidy, or as a means of postponing price increases for a reasonable time, the effort to hold all prices by a subsidy across the board to all consumers, saving consumers no more than the Government pays out, seems to me inflationary and unfortunate, except in exceptional circumstances.

Second. The administration has adopted a doctrine known as the highest price line regulation. This provides that a

store which handled dresses, for instance, in a certain price range cannot sell dresses of any better quality. As prices increased, many stores found themselves wholly unable to sell dresses at all. The distinction seems to be utterly unreasonable, and, of course, it is ineffective in enabling the public to obtain dresses, or any other commodity, at a reasonable price. Since the administration asserts that, with all its powers, it has no way to hold merchants within reasonable margins on this line of goods, the committee did not adopt an amendment; but as an administrative measure the regulation seems to me illogical, ineffective, and indefensible.

Third. One of the most obvious failures of the Price Administration is in the field of cotton goods, the subject dealt with by the Bankhead amendment. In this field many low-priced articles have entirely disappeared from the market, for the reason that prices have been held so closely that they can only be manufactured at a loss. Thus, heavy underwear for men and boys, denim for overalls, and many other cheap articles have almost disappeared from the market, while many mills have made large profits on the more expensive items. Of course, it does not do the consumer any good to have a low price fixed for various kinds of cotton goods, if the goods are not available at all and he or she has to buy a much more expensive article. The obvious remedy seems to be an increase in the price of cheap goods and a decrease in the price of expensive goods. Inspired, apparently, by the freeze idea, however, Mr. Vinson has refused to make any increase in the price of the cheap goods, but has called on the War Production Board to order the mills to make these goods at cost, or less. In Mr. Vinson's directive of February 4 he says clearly that he shall hesitate to let any uniform increase be made to all producers on any textiles. Instead of that, he proposes to permit individual manufacturers, who would otherwise sell at a loss, to increase their own prices so that they may receive total unit production costs plus a profit not to exceed 2 percent. Any producer whose over-all operations are profitable is required to produce at cost, which perhaps may not even include overhead expenses, according to the same order. Mr. Vinson says that under any other method the cost to consumers will exceed the amount necessary to obtain the desired production, and low-cost producers would receive an unwarranted windfall. Mr. Vinson is out to prevent profits, even of the producer who makes profits because of extraordinarily efficient operation. The standard of fair and equitable prices has practically disappeared from his mind.

I may say that this order has been further extended, and in an order recently issued the theory of compelling the sale of goods at less than cost is extended to a great many household goods such as household furniture, commercial kitchen utensils, office machines and equipment, dental and optical supplies, and several other large classes of products on which there is only permitted the recovery of the manufacturing, packing, and shipping costs of each item.

If the manufacturer's entire operation is profitable, he cannot even include the overhead in the cost of those particular articles.

The whole theory that the Price Administrator can force manufacturers to sell certain lines at cost, or less than cost, because they are making profits on other lines, is absolutely contrary to the principles of the Price Control Act, and would lead ultimately to a fixing of individual profits, instead of to a fixing of prices. It does not secure increased production, nor does it effectively bring about reasonable prices to the consumer. The chief merit of the Bankhead amendment is that it would require each line of goods to stand on its own cost, with a fair and equitable margin.

Any rule which refuses to apply the fair and equitable rule to individual products creates great injustice between different firms in the same industry. Some firms may be forced out of business because they only manufacture a particular product, the price of which is so closely held down. Other firms may depend largely on such products. Still others may be practically unaffected. I voted for the Bankhead amendment because it proposes largely to upset this rule, at least in the textile industry, and require a fair and equitable margin for each product.

Fourth. The result of this policy and the general unwillingness even to consider an increase in retail price, however much costs may have increased, threatens disaster in some industries. Evidence before the committee shows that many small packers and slaughterers in Buffalo, Cincinnati, and many other cities have had to close because they actually lose money on each steer they buy. The large packers are able to survive, but they state that they have made practically no money on their meat business. They, however, have many other products on which profits are ample. It is the small businessman who suffers most from a stringent policy of price control. We have extensive evidence from the asphalt roofing industry showing that concerns engaged only in manufacturing asphalt roofing are rapidly going on the rocks, whereas the large companies with a full line of products, are having little difficulty. I have already spoken of the underwear mills whose entire product is now unprofitable. The committee had bitter complaints from the producers and distributors of fresh vegetables. More and more, as costs increase, other industries are going to find that it is almost impossible to continue in business.

Fifth. The result of these practices has been to roll back some prices on the farmer, particularly in the case of cattle, and in the case of cotton. In other words, the control of the price has been so close that parity is not paid for cotton and the price paid for cattle is inadequate certainly for many feeders.

Sixth. The policy with regard to rents has been harsh and inequitable. Rent control is one of the prides of the Administration because rents have been held practically without increase for 3 years. But this has only been done at



the cost of hardship to many landlords, though not perhaps a large percentage of the total. Rents in each city were frozen as of a definite date. Since that time the Price Administration has refused to consider individual adjustments, no matter what the increase in costs may have been. They admit the duty of giving a general increase when costs have uniformly increased in a community, but I doubt if any such increases have been made. Nor should they be. Many landlords who rent entire houses have no increase in cost whatever. Rent adjustments should be an individual matter, and a landlord who has had substantial increases in coal and janitor service, for instance, is entitled to a fair hearing on his request for an increase in rent. Outside of a few special circumstances, however, this has been arbitrarily denied by the Administrator. The Administration apparently feels that landlords are comparatively few in number and that tenants are many. I offered an amendment in the committee to require individual adjustments in proper cases. I withdrew it on the suggestion that the Price Administrator might change his present practice by regulation, as he may. A regulation has been submitted, and I hope it may be sufficient.

Seventh. From my own investigations and correspondence I have found an attitude among many employees of the Price Administration of direct hostility to businessmen. Many of these employees seem to think that a businessman who asks for a reasonable profit, so that his business may go on, is in some way unpatriotic. In the past, complaints have been ignored for months. Interviews with those in charge seem to promise relief, but relief is blocked at some higher level, and more and more is heard of the iniquity of any profit whatever. Furthermore, the enforcement division includes many individuals whose interest seems to be to destroy business rather than to secure compliance. The conditions to which I have referred have been considerably improved since Mr. Bowles became Price Administrator, and he does not countenance any such attitude, but the attitude is still present to an extent which leads most businessmen to feel that justice cannot possibly be secured within the Price Administration.

Kangaroo courts have been set up outside of any provisions of the law to try violators of the ration regulations issued under the Second War Powers Act. Many retail firms have been prosecuted and sued for damages. In northwestern Ohio an auctioneer who conducted a sale of all the effects of a farmer who was selling out was sued, and a judgment obtained for \$3,600, enough to put him out of business completely. This resulted in a petition of protest signed by 2,700 citizens of the county where the sale took place.

I do not underestimate the difficulty of enforcing price regulations. It is quite true that deliberate evasion is occurring in many places throughout the country, but the methods of the Price Administration Enforcement Division do not secure compliance, and only make the situation worse. The only way to

secure compliance with this kind of regulation is to make the regulations reasonable, and secure the approval and cooperation of 90 percent of the people who are involved. Once that is done, they will police the other 10 percent. This was the method pursued by the Food Administration in the World War. Cooperation of every trade and every group was the first step. Congress filled the present law with provisions for trade committee consultations and agreements. For a long time the provisions of the law were in no way complied with. Mr. Bowles has made an improvement, but the idea has not permeated the lower reaches of the O. P. A., and particularly its Enforcement Division. The only cooperation successfully secured is that of a few consumers groups and the C. I. O. Political Action Committee. These groups have adopted the same anti-business attitude as the Enforcement Division itself.

Eighth. The tactics of the O. P. A. in dealing with the pending bill do not seem to me calculated to improve the situation. They have fought every attempt to modify in any way the drastic provisions of the Emergency Price Act. They have taken the position that there should be no amendments, and that any amendment will hamstring the enforcement of the act. This is simply untrue. Very few of the amendments affect in any way the basic policy of price control. Their purpose is to correct substantial injustice to individuals which have been made clear in evidence before the committee.

Day before yesterday Mr. Vinson issued a protest against the Bankhead amendment, calling it a "devastating blow at the stabilization policy, a special bonus at the housewife's expense." He and Mr. Bowles have referred to lobbyists and pressure groups, and try to give the public the impression that Congress is swayed by improper motives, if they make a single concession. The representatives of interested groups appeared openly before our committee. There was hardly one who did not impress us with his sincerity. Many undoubtedly consider that they will be put out of business if the present policies of the Price Administration are continued. Their lobbying has been considerably less than the lobbying of the C. I. O. Political Action Committee, stimulated by the Office of Price Administration.

Ninth. I have already referred to the apparent attempt of the Office of Stabilization to cut business profits to a minimum or eliminate them entirely. In 1943 the Office of Stabilization repudiated a promise made by the Price Administrator to the canners that they would be compensated by subsidies for any increase in the cost of labor granted by the War Labor Board. On this question of profits they have departed even from the policy laid down by Mr. Henderson when he testified for the original Price Control Act. He referred to "the general philosophy of price regulation as being one intended to keep production going, and therefore to yield a decent profit." Of course, a just and equitable price does not guarantee a profit to inefficient mem-

bers of any industries, or those unfortunately placed, but the attempt to prevent any company, no matter how efficient, from securing the reward of that efficiency is not a function of price administration. Congress should determine what proportion of such profits are to be taken by taxation.

Conclusion. I regard these abuses as abuses of administration, except for the Bankhead amendment and the questions of procedure. It is difficult to correct them by legislation. We have offered amendments designed to reach some of the worst abuses, and particularly to give every man an open hearing and his day in court. The Bankhead amendment is the only amendment which attempts to control policy. It is an experiment, but it restores a policy which worked satisfactorily at one time, and it operates in a field where there has been a complete failure since that policy was abandoned. If properly administered, it could reduce costs to the consumer instead of increasing them, and get to the consumer the goods which he is not getting now.

The difficulty with O. P. A., as I see it, is that it is still crusading for the ideal of freezing all retail prices. It seems to believe that this end justifies the use of any means. It thinks it has a mission superior to individual rights and a special license to regulate as it chooses millions of transactions every day. The Executive order should be modified to be in accord with the principles of the acts of Congress.

I have every confidence in the good faith of Mr. Bowles, but not so much confidence in the political and economic theories of his advisers. The O. P. A. can be a success if he will accept, as the first principle of administration, a deep respect for American principles of right and justice administered within the provisions of the Emergency Price Control Act as enacted by Congress.

Mr. WILEY. Mr. President, at this point I desire to call up my amendment, which is at the desk.

Mr. WAGNER. There are only two more committee amendments, which I should like to have disposed of.

Mr. WILEY. I understand that under the rule I must, if I desire to bring this amendment up, do so at this time, because it proposes to amend section 202. It will take only a moment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 13, line 24, it is proposed to change the word "paragraph" to "paragraphs", and insert the following:

No action shall be taken under authority of this act with respect to an increase in any wages or salaries in any case in which such increase has been agreed upon by the employer and employee and will not result in the payment of wages or salaries at a rate greater than \$37.50 per week. For the purpose of the preceding sentence, if the employee ordinarily works overtime and extra compensation is paid therefor, such extra compensation shall be included in determining the rate of wages or salaries paid.

Mr. WILEY. Mr. President, I have submitted the amendment to the dis-

tinguished senior Senator from New York, and, as I understand, he is perfectly willing to take it to conference. All the amendment provides, in substance, is that in those cases in which the ordinary white-collar workers or laborers throughout the country receive less than \$37.50, and where the employer and employee agree, it will not be necessary to present a petition for the right of the employer to pay up to that amount. There are millions of such cases, as I have previously stated, and many thousands of petitions are in the Chicago office, and in some instances have been there for months not acted on. These white-collar workers have no organization to represent them in Washington, but that is no reason why they should not have justice. The adoption of this amendment will relieve the War Labor Board of 75 percent of the labor involved in wage increases. It is the white-collar workers of America who have suffered most due to the rise in living costs. I am very happy that the senior Senator from New York has agreed to take the amendment to conference.

The PRESIDING OFFICER (Mr. JACKSON in the chair). The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. WILEY] to the committee amendment on page 13, after line 20.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. I have an amendment in the nature of a new section to the bill. My inquiry is whether it is proper to offer that amendment before action is completed on the committee amendments.

The PRESIDING OFFICER. The Chair asks the Senator whether his amendment constitutes a new section.

Mr. THOMAS of Oklahoma. Yes; it will come into the bill as a new section.

The PRESIDING OFFICER. The Chair then rules that it is not proper that the amendment be offered until all committee amendments are disposed of.

The next committee amendment will be stated.

The CHIEF CLERK. The next amendment of the committee was, on page 14, after line 15, to insert the following:

#### TERMINATION DATE

SEC. 203. Section 6 of such act of October 2, 1942, is amended by striking out "June 30, 1944", and substituting "December 31, 1945."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next committee amendment was on page 14, after line 19, to insert the following:

#### LOAN RATE FOR AGRICULTURAL COMMODITIES

SEC. 204. (a) Section 8 (a) (1) of such act of October 2, 1942 (relating to loans upon cotton, corn, wheat, rice, tobacco, and peanuts), is amended by striking out "at the

rate of 90 percent of the parity price" and inserting in lieu thereof "at the rate of 95 percent of the parity price." The amendment by this subsection shall be applicable with respect to crops harvested after December 31, 1943. In the case of loans made under such section 8 upon any of the 1944 crop of any commodity before the amendment made by this subsection takes effect, the Commodity Credit Corporation is authorized and directed to increase or provide for increasing the amount of such loans to the amount of the loans which would have been made if the loan rate specified in this subsection had been in effect at the time the loans were made.

(b) Section 4 (a) of the act entitled "An act to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes," approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), is amended by striking out "90 percent" and inserting in lieu thereof "95 percent." The amendment made by this subsection shall, irrespective of whether or not there is any further public announcement under such section 4 (a), be applicable with respect to any commodity with respect to which a public announcement has heretofore been made under such section 4 (a).

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. BUTLER. Mr. President, I had intended to ask that some Senator in a word or two explain the committee amendment before the vote was taken. What would the amendment accomplish?

Mr. BARKLEY. The amendment would merely change the loan value from 90 percent to 95 percent of parity.

Mr. BUTLER. My understanding was that it was proposed to leave it at 90 percent.

Mr. BARKLEY. No; I think the Senator misunderstood. It is a committee amendment agreed to by the committee, and there was no desire to change it, so far as I know.

Mr. THOMAS of Oklahoma. Mr. President, if it is now in order I offer an amendment in the form of a new section to the bill.

Mr. MOORE. I suggest the absence of a quorum.

Mr. STEWART. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEWART. Have all committee amendments been disposed of?

The PRESIDING OFFICER. All committee amendments have been disposed of, and the bill is now open to further amendment.

Mr. MOORE. Mr. President, I have suggested the absence of a quorum.

The PRESIDING OFFICER. Does the senior Senator from Oklahoma yield for that purpose?

Mr. THOMAS of Oklahoma. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll, and called Mr. AIKEN's name.

Mr. STEWART. Mr. President, before the clerk proceeds to call the roll

I wish to ask the senior Senator from Oklahoma if he will yield for a moment. I wish to call up an amendment by unanimous consent, which I understand will be accepted. I wish to have an opportunity to present the amendment at this time. I do not wish to wait until the roll call has been completed. I do not desire to prevent a roll call, but I ask unanimous consent that I now be permitted to call up an amendment which I understand is acceptable to all concerned.

The PRESIDING OFFICER. Does the senior Senator from Oklahoma yield so the junior Senator from Tennessee may present his amendment?

Mr. THOMAS of Oklahoma. I yielded so the junior Senator from Oklahoma could suggest the absence of a quorum. If I have the privilege of yielding for the purpose I shall be very glad to yield to the Senator from Tennessee so he may submit his amendment.

Mr. STEWART. Mr. President, if the amendment is not accepted by unanimous consent I shall withdraw my request.

The PRESIDING OFFICER. Does the junior Senator from Oklahoma withhold his suggestion of the absence of a quorum?

Mr. MOORE. Yes.

Mr. WHITE. Mr. President, had not the clerk begun to call the roll? It seems to me that when a roll call has been begun it must be completed, after which if the senior Senator from Oklahoma desires to yield to the Senator from Tennessee he can do so.

Mr. STEWART. I thought I addressed the Chair before the roll call was begun.

The PRESIDING OFFICER. The Chair is informed that the clerk had begun to call the roll, but that there had been no response to the call, and the junior Senator from Oklahoma has withheld his suggestion of the absence of a quorum.

Does the senior Senator from Oklahoma yield to the Senator from Tennessee?

Mr. THOMAS of Oklahoma. I yield.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. STEWART. Mr. President, I offer my amendment, which was ordered to lie on the table the other day and to be printed. I ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of title II of the bill, it is proposed to add the following section:

SEC. 205. Section 3 of the act of October 2, 1942 (Public Law 729, 77th Cong.), is hereby amended by adding a new paragraph to read as follows:

#### "PERISHABLE COMMODITIES

"Whenever a maximum price is established on any fresh fruit or fresh vegetable, including potatoes, adequate allowances shall be made for hazards of production and marketing of such commodities throughout the crop year, including increased costs due to crop losses which have resulted or may result from such hazards. If a maximum price has been established on any such commodity, the Price Administrator shall take immediate action to review and increase such maximum



price from time to time by making further allowances to the extent necessary to compensate for subsequent substantial changes in such conditions including substantial reductions in merchantable crop yields."

Mr. WAGNER. Mr. President, before the question is put on agreeing to the amendment of the junior Senator from Tennessee [Mr. STEWART], I wish to discuss it.

I personally see no objection to it. I suggest that it may go to conference. If it should develop that there is some serious objection to it by the O. P. A., I am sure the Senator from Tennessee will permit the conference to consider that question.

So I do not object to the amendment.

Mr. STEWART. I am willing to accept on those terms. Of course, Mr. President, I should wish to have the amendment insisted upon in the conference, if it is agreed to by the Senate. I should want the conferees to insist upon having it remain in the bill.

Mr. WAGNER. Of course, that would be done.

Mr. STEWART. But I can see no serious objection which the O. P. A. would offer to it. In the main it is a declaration of policy. It affects only fresh fruits and vegetables, perishable commodities. The amendment itself, as read, is self-explanatory.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. Does the Senator from Oklahoma renew the suggestion of the absence of a quorum?

Mr. MOORE. Mr. President, I am informed that more Senators have entered the Chamber since I first suggested the absence of a quorum. So I withdraw the suggestion of the absence of a quorum.

Mr. THOMAS of Oklahoma. Mr. President, I offer my amendment which now lies on the table.

The PRESIDING OFFICER. The amendment will be stated, for the information of the Senate.

The CHIEF CLERK. At the proper place in the bill, it is proposed to add the following:

Sec. 206. That notwithstanding the provisions of law no agent, bureau, or department of the Government shall be authorized to fix, establish, or maintain any price ceiling on crude petroleum below 90 percent of the parity price per barrel as shall be determined by the application of the parity law "in the case of all kinds of tobacco except burley and flue-cured" (par. (1) of (a) of sec. 301 of subtitle A of title III of Agricultural Adjustment Act of 1938, as amended): *Provided*, That the provisions of this paragraph shall be applicable to effect an average price of the various grades of crude petroleum throughout the United States at 90 percent of parity as above defined: *And provided further*, That the Director of the Office of Price Administration shall proceed immediately to adjust the ceiling price per barrel for such crude petroleum in the various grades and the refined products thereof and derivatives therefrom in harmony with the provisions of this paragraph.

Mr. THOMAS of Oklahoma. Mr. President, the amendment is proposed as a new section to the bill. It has to do with crude petroleum, commonly called

oil. At the present time oil is priced at 64 percent of the parity price.

At this time I wish to call attention to the relative prices for other products which are used by the people of the country. For example, the price of grain stands at 129 percent of the parity price; the price of livestock and poultry stands at 123 percent of the parity price; the price of fruits and vegetables stands at 126 percent of the parity price; the price of shoes stands at 126 percent of the parity price; the price of hides and skins stands at 111 percent of the parity price; the price of clothing is now 107 percent of the parity price; the price of cotton goods is now 113 percent of the parity price; the price of woolen and worsted goods stands at 112 percent of the parity price; the price of bituminous coal stands at 120 percent of the parity price; the price of coke stands at 130 percent of the parity price; the price of motor vehicles stands at 112 percent of the parity price; the price of building materials stands at 115 percent of the parity price; the price of lumber stands at 153 percent of the parity price; the price of drugs and pharmaceuticals stands at 220 percent of the parity price; the price of cattle feed stands at 159 percent of the parity price; and the price of petroleum stands at 64 percent of the parity price.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHERRY. Will the Senator please state the source or the authority for the figures he has cited?

Mr. THOMAS of Oklahoma. The figures were issued by the Bureau of Labor Statistics. The system used by the Bureau of Labor Statistics is generally recognized, and embraces some 900 commodities. It is based on 100 percent. That 100 percent was the average price of each of those commodities during the year 1926. So when I give these figures as being above the parity price, that means the present price of the commodity is that much above its average price in 1926.

Mr. President, I am supporting the proposal to extend the price-control legislation. At the same time, let me say that I voted for the cotton amendment.

I shall vote for other amendments, if they are offered, to adjust the prices among the various commodities, to the end that all our people and all the products of their labor shall be treated comparably and equally. That is the only reason why I offer this amendment at this time.

The producers of oil are forced to sell their product at 64 percent of the parity price, notwithstanding the fact that they have to pay more for labor, for drilling, and for everything they buy. Yet they are permitted to sell their product at only 64 percent of what the average price was in 1926. Mr. President, I contend that is an injustice and a hardship on

the producers of oil throughout the entire United States.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. When the Secretary of the Interior, as Oil Administrator, I believe, recommended an increase of 35 cents a barrel in the price of oil, I felt that recommendation had much merit. Frankly, I regretted that it was not adopted, because I did not feel at the time that it would be reflected in any great injustice to the users of the refined products of oil, such as gasoline, motor oil, and other petroleum products. That recommendation was disapproved on the ground that, while some producers of oil needed the increase, there were others who did not need it.

An approach to the problem was being sought, and, as I understand, is now being sought, on the theory that some sort of adjustment which will benefit those who need it, without benefiting those who do not need it, can be worked out. Let me inquire what effect the Senator's amendment would have on that situation. Does it provide for a general increase for all producers of all grades of oil in the United States?

Mr. THOMAS of Oklahoma. The answer is that it does.

Mr. BARKLEY. Of course, the Senator knows there are different grades of crude oil. I presume that the oil which brings the highest price is Pennsylvania oil, which has always brought a higher price in the market than almost any other oil, on the ground that it contains a higher content of gasoline and other petroleum derivatives.

In my State we have had a grade of oil known as Somerset light, which we have always felt merited as high a price as any other oil in the country, because of its content. But it never has been accorded that price. That oil is now bringing \$1.43 a barrel. It has been bringing that price for practically the last year.

I can recognize that there is a difficulty growing out of a general, across-the-board increase in the price of oil, which probably would benefit some companies which do not need it, whereas there are many companies and small organizations which do need it. Can the Senator tell me whether under his amendment the O. P. A. would be required, in connection with the increase in the price of oil, to give all persons the same increase, or could the O. P. A. graduate the increase and work out an adjustment according to the price of oil and the needs of the individual producers or the producers of a particular type of oil?

Mr. THOMAS of Oklahoma. Mr. President, I desire to explain the amendment and how I think it will operate. I wish to reason with Senators. I do not contemplate making a speech, but shall be glad to answer any questions.

With respect to Pennsylvania oil, let me say it is a very high quality oil. I do not think it has any great quantity of gasoline in it; but it is the highest quality of oil for lubricating purposes, and for that reason it now sells for approximately

\$3 a barrel, which is evidence that it is an oil of high quality. My amendment would not affect the Pennsylvania production.

I shall state the facts respecting oil. The large companies produce oil and refine it, and sell the refined products. So the larger companies are not interested in the price of crude oil. If they were interested, they would want to buy it as cheaply as they could; because if they do not produce enough oil to serve their refineries, they must go into the open market and buy sufficient oil to serve their refineries. So the large companies are not interested in having the price of oil increased. They would prefer, so I am advised, to have the price of oil decreased, because they produce the oil and refine it, and sell the refined products; and what they receive is what is paid for gasoline, lubricating oil, fuel oil, and other refined products of oil.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. Those same companies do produce oil; do they not?

Mr. THOMAS of Oklahoma. They do, but they refine it.

Mr. BARKLEY. My question was not properly framed. Let me ask the Senator whether they buy some oil? They do, do they not?

Mr. THOMAS of Oklahoma. They buy oil only when they need it in order to keep their refineries in operation. The large companies not only produce the oil they regularly need for their refineries, but they also have oil stored in the event they should need it in an emergency. So, Mr. President, the amendment is intended to help the little fellow.

Personally, I have taken this matter up with the O. P. A. and with Mr. Vinson. For some reason, which no doubt is good enough for themselves, they have refused to give any favorable consideration to an increase in the price of oil.

There are in the country a very large number of oil wells called stripper wells. Some of those wells produce as little as a gallon of oil a day. Of course, others produce more. The wells which produce the smaller amounts of oil are called stripper wells. In my State of Oklahoma there are 53,000 so-called stripper wells which produce less than 5 barrels of oil a day. Those small wells cannot continue producing at the present price.

The standard price of oil throughout the country is \$1.17 a barrel; that is for oil of 36° gravity. Oil is gaged in value according to gravity. Some other liquids are gaged by proof, but oil is gaged by gravity. Oil of 36° gravity sells for \$1.17 a barrel, and the higher percentages sell for more. The lower percentages sell for less. This amendment relates to the standard grade of 36° gravity. If this amendment should be adopted, oils of greater than 36° gravity would sell for more than the price contemplated by the amendment. Oils of less than 36° gravity would sell for less than the parity price.

Mr. WILEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator

from Oklahoma yield to the Senator from Wisconsin?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. How much a barrel would the proposed parity price be? The Senator states that the present price is \$1.17.

Mr. THOMAS of Oklahoma. At the present time some oils sell for as little as 75 cents a barrel. The lower grades—grades which have a large asphaltic content, for example, and consists almost entirely of tar or refuse—sell for less than that.

Mr. WILEY. Under the terms of the Senator's amendment, what would the price of \$1.17 become?

Mr. THOMAS of Oklahoma. If my amendment should be adopted, the parity price on oil fixed by the amendment would be \$1.83 a barrel. The price of oil would be raised to 90 percent of parity, and the amendment states a parity formula.

The parity formula is a tobacco formula. Some may wonder why I selected a tobacco formula. The reason why the regular formula was not selected was that during the period from 1909 to 1914 not much oil was produced throughout the country at large. Oil was produced in Pennsylvania, but the large production of oil has been brought about since 1914. So, we do not have accurate records of either the production of oil or the price of oil in that early period. So that period is not a good one for basing the price of oil. I have taken the tobacco formula because it is based upon the period from 1919 to 1929, at a time when there was a large production of oil, and at a time when we had complete records of oil production and oil prices. The average price of 36° gravity oil from 1919 to 1929 was \$1.63 a barrel. So, under this amendment that becomes the base price for oil. The tobacco formula is based upon those years.

The tobacco formula is divided into two parts. One is for flue-cured and burley tobacco, and the other is for the common form of tobacco. I selected the lower of the two. I did not select the highest formula, that for flue-cured and burley tobacco, because the index number is 140. The index number for the common form of tobacco is 109.

So, I select a period which is definite, and I take the average price for that period, under the lowest formula which is now in use, namely, the formula applicable to the common grade of tobacco. So, if the amendment is adopted, we shall have a definite formula which cannot be misconstrued. It is in use, and it is applied every day to the common form of tobacco, wherever tobacco is grown. My amendment, if adopted, would establish a basic price for oil of \$1.63 a barrel. Applying the formula, multiplying the basic price by 109 gives \$1.83 as the present parity price for oil. I am not asking that the ceiling price be raised to 100 percent of parity. I place it at the loan value on farm commodities, or 90 percent of parity. So, if my amendment should prevail, the parity price of oil under the amendment would be raised to \$1.83.

Then I provide that neither the O. P. A. nor any other agency of the Government may fix a ceiling price on oil below 90 percent of parity.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. I am seeking information about the effect of the Senator's amendment. When he speaks of a ceiling of \$1.83, is he speaking of an average over-all ceiling?

Mr. THOMAS of Oklahoma. Under this amendment the parity price would be fixed at \$1.83.

Mr. BARKLEY. I mean the parity price. What effect would that have on oil which is now selling at \$1.43?

Mr. THOMAS of Oklahoma. It would raise the price of such oil.

Mr. BARKLEY. To what point?

Mr. THOMAS of Oklahoma. I have not computed it; but oil selling at \$1.43 has a certain gasoline content. It has a higher quality than 36° gravity oil.

Mr. BARKLEY. It has a higher quality than oil now selling for \$1.17, does it not?

Mr. THOMAS of Oklahoma. Yes. So if this amendment should be adopted it would raise the price of the \$1.43 oil to approximately 20 or 25 cents above the price of \$1.83 fixed in the amendment. It would raise the price of such oil to a point above \$2 a barrel.

Mr. BANKHEAD. What is the present price?

Mr. THOMAS of Oklahoma. The common brand of oil is selling on the market for \$1.17, which is the average price.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McCLELLAN. As I understand the Senator's amendment, the effect of it would be to raise the parity price of oil which is selling for \$1.17 a barrel to \$1.83, and the Senator's amendment would provide that the ceiling be fixed at not less than 90 percent of that amount.

Mr. THOMAS of Oklahoma. That is correct.

Mr. McCLELLAN. Which would be \$1.65, or an increase of 48 cents a barrel on the \$1.17 oil.

Mr. THOMAS of Oklahoma. If the Senator's figures are accurate, he has stated the correct theory.

Mr. President, the amendment is very simple. It cannot be misconstrued. If it should be adopted, the Administrator could not make a mistake, because very shortly he would figure out the base price, and that would be carried indefinitely. All one would have to do at any time to find the parity price for oil would be to call up the Department of Agriculture and find out what the index number was on common tobacco. If it were 110, he would multiply the base price by 110. That would give him the parity price for that quality of oil. Figuring 90 percent of that would give the ceiling below which neither the O. P. A. nor any other agency of the Government could go. The amendment would not require the O. P. A. to put the price up to the full



amount, but it could not be put below 90 percent of parity.

The O. P. A. froze the price of oil as it was found back in 1942. It was very low, because at that time there was a large production and a large amount of oil was in storage. Now conditions are different. We are using up our storage. We are now using four and a half million barrels of oil a day. Each day four and a half million barrels of oil are required to supply the demand. Seven barrels of crude oil are required to make one barrel of high-test aviation gasoline. Last year 127,000 airplanes were made for the war effort. In addition to furnishing gasoline for our own planes we are furnishing gasoline for the British planes, the Russian planes, and if there are any other planes, we are furnishing gasoline for those. So the present demand for gasoline is heavy.

Likewise the demand for other things made from oil is heavy. The demand for gasoline for domestic use is heavy. The demand for the lower grades of gasoline for trucks, tanks, and cars on the battle front is also heavy. The demand for fuel oil is heavy. At the present time sufficient oil is not being produced to supply the demand. I do not mean by that statement that there is today a shortage of oil, but the quantity of oil being produced is decreasing. Formerly we produced more new oil than we used, and as a result we had a vast amount of oil above ground. At the present time the experts know of only 20,000,000,000 barrels of oil on which they can place their fingers. That number of barrels of oil now represents the present supply in America. More than a billion and a half barrels of oil a year are now required to meet the demands of the United States. Divide 20,000,000,000 barrels, the total present supply, by a billion and a half, the amount consumed each year, and it will be seen that we have a reserve which will last only about 12 years.

The question is, Shall we keep down the price of oil to \$1.17 a barrel, when the price of labor and machinery is higher than it has ever been, and when such condition will mean a decrease in the amount of wildcat drilling and a decrease in the amount of oil to be discovered?

The record shows that as the price of oil goes up more drilling is done. In 1920 oil was selling for \$3.07 a barrel. In recent years the price of oil has been declining. As it has declined those who prospect for oil have ceased their prospecting, and of late there has been little drilling compared to that which was formerly done.

So, Mr. President, I offer this amendment in order to stimulate prospecting and drilling for oil. It would have the tendency of promoting such activity. If prospecting and drilling are not carried on we may be confronted with the same condition which existed with respect to rubber at the time of Pearl Harbor in 1941.

Mr. McCLELLAN. If my calculation is correct, an increase of 43 cents a barrel would be on the basis of the same quality of oil which for the past year the Petroleum Administrator for War has

been insisting should be increased in price 35 cents a barrel.

Mr. THOMAS of Oklahoma. The Senator is correct. The amendment is of such a nature that it would work automatically. The recommendation made recently by the Petroleum Administrator for War was an arbitrary recommendation of an increase of 35 cents a barrel for oil, without regard to where it came from.

Mr. President, I do not desire to take up the time of the Senate needlessly. If there are any questions I shall be glad to try to answer them.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MURDOCK. Has the Senator computed what the cost would be if the amendment were adopted, based on our present consumption of crude oil?

Mr. THOMAS of Oklahoma. I may say to the Senator that the calculation is not based upon the consumption of crude oil.

Mr. MURDOCK. Has the Senator figured what the total cost would be on the basis of our present consumption?

Mr. THOMAS of Oklahoma. No; I have not made such a calculation, although it could be made. I assume that if we should run out of oil to the same extent that we ran out of rubber we would be very much embarrassed. Having now on hand only a 12-year supply, it seems to me that it is high time to do something about increasing the discovery of oil, if it can be done, and such objective is the purpose of the amendment.

Mr. MURDOCK. Does the Senator believe that discoveries would be very materially affected by a general increase in the price of crude oil?

Mr. THOMAS of Oklahoma. In answer to the question, I may say to the Senator from Utah that I hold in my hand a booklet containing approximately a hundred pages. It represents a compilation of the hearings on the oil situation which were held last year by the Committee on Appropriations.

On page 34 of this booklet I find a table which was prepared by the Oil Institute. It shows the production of oil from 1909 to 1942. In 1920 there were 40,163 wells placed in operation. That was at a time when oil was selling at \$3.07 a barrel. More oil wells were brought in during that year than had ever before been brought in in any one year. In other words, during the year in which the highest price was paid for oil, the largest number of wells were brought in. In 1920 the number of productive oil wells drilled during the year was 24,278. That was the largest number of new wells ever drilled in any one year. So I submit, in answer to the Senator's question, that the record shows that when oil was being sold at \$3.07 a barrel, more oil wells were brought in than had ever been brought in in the history of oil production.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. A while ago I spoke of Somerset light oil produced in my State selling for \$1.33 a barrel. That same oil

sold at the conclusion of the last war for \$3.50 a barrel. Other oil throughout the country sold at slightly higher prices than those prevailing at the present time. As I recall, the price of gasoline to the consumer at the time to which I have referred was not much higher than it is now. Of course, there is this difference to be considered: Taxes on gasoline are now higher than they ever were before. At the time to which I have referred taxes on gasoline were practically nothing. The Federal Government had not yet entered into its program of taxing gasoline, and the States had not increased their gasoline taxes to any great extent, all of which accounts for the fact that gasoline now sells almost as high, considering the lower prices for crude oil, as it did back in the 1920's when crude oil was selling at a much higher price. Does that statement constitute a legitimate analysis of the relative difference between the present price of gasoline and oil and the price in effect during the period which I have mentioned?

Mr. THOMAS of Oklahoma. I think it does. Of course, labor costs are now higher than they were during the former period. The State taxes on gasoline are higher now than they were then, and at that time there was no Federal tax whatever on gasoline. All those items must be added to the total cost which the consumer has to pay.

Mr. BARKLEY. If the Senator will yield further, allow me to ask him this question: Suppose that the price of \$1.17 oil should be raised under the Senator's amendment to \$1.83, and that the price of the \$1.43 oil should be raised to approximately \$2, what would be the reflected difference in the price of gasoline to the public?

Mr. THOMAS of Oklahoma. It would be from 1 to 3 cents a gallon, according to the estimate of the refiners. Of course, the cost of gasoline to the consumer would be increased.

Mr. BARKLEY. When the Senator speaks of from 1 to 3 cents a gallon, does he mean that some grades would be increased 1 cent and other grades would be increased three?

Mr. THOMAS of Oklahoma. With reference to that point, I am not in position to be definite.

Mr. BARKLEY. The increase would be the same regardless of the grade of oil from which the gasoline was refined, would it not?

Mr. THOMAS of Oklahoma. There are different brands of gasoline.

Mr. BARKLEY. Yes; but frequently more than one brand comes from the same grade of oil.

Mr. THOMAS of Oklahoma. At the present time the wholesale price of gasoline is 6 cents a gallon. The premium grade, which means a higher quality of gasoline, sells for 6½ cents at wholesale. There are 42 gallons of oil in a barrel. The refiners are able to obtain on the average 18 gallons of gasoline from 1 barrel of oil. It has been estimated by the refiners with whom I have talked that the price of the cheaper grades of gasoline would perhaps not be raised as much as the price of the higher grades. On

the market it is possible to obtain various grades of gasoline. During ordinary times a person could buy at a filling station low or high quality gasoline. Some of the well-known brands of gasoline have cost 2 or 3 cents a gallon more than the cheaper brands.

Mr. President, in further answer to the question asked by the Senator from Utah, I wish to place in the RECORD the following information which shows the trend of exploratory drilling results.

In 1938 there were 6,442,000 barrels of new oil discovered. That was oil coming from wildcat wells.

In 1939 the volume dropped to 4,209,800.

In 1940 it had dropped to 3,129,000.

In 1941 the drop was down to 717,700 barrels.

In 1942 it was 643,000 barrels.

In other words, during a period of 5 years the production of new oil had fallen from more than 6,000,000 barrels a year to less than 1,000,000 barrels a year.

Mr. VANDENBERG. Did not priorities on steel have something to do with that, along with the price?

Mr. THOMAS of Oklahoma. No. It is my understanding that there is no difficulty in obtaining priorities for the development of new oil fields. It is not possible to get them for drilling in old territory, but for approved new fields no priority has been required. The War Production Board realizes the importance of new production, and it has made it easy. The trouble is that the price of oil is so low that men who have money will not risk it, and those who do not have money simply cannot drill.

The next list I wish to place in the RECORD is that showing the total number of wells completed during the period 1937 to 1942.

In 1937 the total number of oil wells completed was 22,481.

In 1938, it was 18,544.

In 1939, it was 17,687.

In 1940, it was 19,225.

In 1941, it was 19,472.

In 1942, 2 years ago, it fell to 10,954.

The next table I wish to have in the RECORD shows the amount of production from these wells.

The average initial oil production, in barrels daily, for all the wells completed, was as follows:

In 1937, 24,222,121.

In 1938, 16,872,701.

In 1939, 10,512,729.

In 1940, 10,227,178.

In 1941, 8,822,500.

In 1942, 2,841,300.

The average initial production per well was as follows:

In 1937, 1,077 barrels.

In 1938, 909 barrels.

In 1939, 594 barrels.

In 1940, 532 barrels.

In 1941, 453 barrels.

In 1942, 259 barrels.

The trend in the decline is positive. Fewer wells are being drilled, smaller fields are being found. It seems to me that precaution should be taken, and that something should be done to stimulate exploration in an attempt to find more oil.

The record further shows that the higher price will accomplish that result, and for that reason I have offered the amendment to increase the parity price, and then to provide that no agent of the Government may fix a selling price on oil below 90 percent of parity. I submit the amendment for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. CONNALLY. Mr. President, I do not care to take up much of the time of the Senate on the pending amendment. The Senator from Oklahoma has outlined very clearly the important considerations involved. Primarily, the purpose is to stimulate the production of oil. That involves, incidentally, a slight increase in the price of petroleum.

I happen to be a member of the special committee the Senate has appointed to investigate the entire oil situation, under the able chairmanship of the Senator from Connecticut [Mr. MALONEY], and if the Members of the Senate could have heard the testimony which has been adduced before the committee, they would realize that oil has become a world product, and now that all the nations of the earth are reaching out, and after the war the contest will be much more vigorous, to get command of the oil resources of the world.

The Oil Administrator, Secretary Ickes, as Senators know, on two or three separate occasions has made a thorough survey of the oil situation with regard to price, and has made recommendation that there be an increase in the price of crude petroleum, but his recommendation failed to secure the approval of the authorities in the O. P. A. and Judge Vinson's office.

Mr. President, as has been so well pointed out by the Senator from Oklahoma, the present ceiling price of oil, which means an average of all grades of oil, some selling above the price and some below, is \$1.17. That figure is only 64 percent of parity. The prices of other commodities cited by the Senator from Oklahoma equal parity; some of them exceed parity. I see no reason whatever why oil should not receive the same degree of consideration, as to the fairness of its price, that other commodities receive.

I do not own a gallon of oil, and I am not interested in any oil company, much to my sorrow and regret, and I have no personal interest in this matter, but normally my State is the producer of large quantities of oil, and in my contacts with the oil interests, the independents particularly, I have learned that the prices of their materials, the price of their drilling machinery, of their pipe, and of every element that goes into the cost of producing oil, have risen greatly since about the time of the beginning of the war.

Labor costs have skyrocketed; labor is scarce at the present moment, and those familiar with the oil business represent to me that at the present levels they cannot bring about a greater volume of wildcat production. The Senator from

Oklahoma is correct in saying that the great mass of the initial production of oil is done by the wildcatter. He is the one who ventures forth and discovers a field, and after it is proven the large companies move in and acquire leases within the field. The large companies do some exploring, but they depend very largely for exploration and pioneering on the small, independent operators.

Mr. President, in my State there is an organization called the railroad commission. Under our laws it has jurisdiction of oil and gas. That commission has made very careful surveys, and has on a number of occasions represented to me that it thought it necessary, in behalf of increasing production and really conserving some of the fields which are now in existence, some of the stripper wells, to increase the price. A stripper well occurs where flush production has already been enjoyed and a well produces only a few gallons a day, which must be pumped. The operating costs for that kind of a well are very high. Yet the total production of stripper wells constitutes a very considerable portion of the volume produced in the United States, because there are so many of them. Like Lincoln's poor people, God must have loved them, because he made so many of them.

Mr. McCLELLAN. Is it not also true that the stripper wells cannot be closed down and reopened, that once they are closed the loss is permanent?

Mr. CONNALLY. Whenever a stripper well is closed salt water or something else seeps in, and the well never can be reopened profitably; it is gone. A stripper well, with the high operating costs, unless the operators obtain a fair price, cannot operate, and unless a fair price were provided, many of the stripper wells would pass out of existence.

Mr. MURDOCK. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MURDOCK. Would it not be possible to subsidize the stripper wells, and take care of them in that way, instead of having the general rise in price that is contemplated by the amendment?

Mr. CONNALLY. That could be done, and I think that is being done to some extent.

Mr. BARKLEY. If the Senator will yield, that program has not been inaugurated.

Mr. CONNALLY. It has been talked about.

Mr. BARKLEY. I conferred a day or two ago with Judge Vinson about this problem. It was due largely to his disapproval of the recommendation of Secretary Ickes that the 35-cents-a-barrel increase was not put into effect. The authorities are now considering approaching the subject from the standpoint of taking care of the stripper wells to which the Senator has referred. What will be adequate I do not know, but they are giving the subject consideration, and I understand sympathetic consideration.

Mr. CONNALLY. I thank the Senator from Utah for his suggestion.



Mr. President, I have no hesitancy in admitting that if one man cannot do something at a certain income level, and his case is fixed by handing him some free money, of course that suits him. But that does not suit all the others engaged in the industry who are undergoing perhaps not so great a hardship as the stripper, but are themselves going to arrive at the stripper's state sooner or later.

Mr. MOORE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MOORE. Commenting on the suggestion made by the Senator from Utah about subsidizing the stripper wells, the industry well knows, for the matter has been thoroughly explored, that it is so impractical that it would be impossible to do it without tremendous overhead.

Mr. CONNALLY. It would involve a tremendous administrative cost.

Mr. MOORE. It is like many other things in connection with regulating prices; it would produce evasions and practices of that kind.

Mr. CONNALLY. Yes.

Mr. MOORE. I should like to say, with the Senator's permission, in his time, if I may—

Mr. CONNALLY. I have no assurance of time. Proceed, Senator.

Mr. MOORE. I only wish to say that I approve of the amendment. Like many other Members of the Senate, I do not generally approve of fixing prices by legislation, in fact, I am very much opposed to it; but as the Senator from Texas and the Senator from Oklahoma and many other Senators know, an increase in the price of oil has been overdue for a long period of time.

The Petroleum Administrator for War has repeatedly, as has been stated, recommended an increase in the price of oil for reasons set forth. This matter has been submitted to every executive agency that has had jurisdiction of it, and to every Member of Congress considering the matter, and there never has been a single instance when the members of the committees have not been thoroughly convinced of the justice of the proposed increase in price. Therefore I am endorsing and approving the amendment, because the increase in price can be obtained in no other way.

Mr. CONNALLY. I thank the Senator. He says he is generally opposed to fixing prices by law. I suppose most of us are. But the purpose behind the whole of the O. P. A. legislation is to fix prices by law. We do not pass a separate statute with respect to each commodity, but when we vest in an agency or a bureau the power to fix prices, the prices are fixed by law. In many cases instead of Congress making the law, the bureau makes the law, but it is no less a fixing of prices by law when the cases are all placed in one hopper than when individual cases are picked out and statutes passed with respect to them. We are not now proposing to pick out individual cases, but to make a general rule.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I wish to correct a statement I previously made. A moment ago I suggested that the O. P. A. and Judge Vinson were considering dealing with the stripper wells—by way of a subsidy. I do not know that it is by way of subsidy. I have the impression that it is by way of an increase in the price, but it may be by a subsidy.

Mr. THOMAS of Oklahoma. An increase of 30 percent.

Mr. BARKLEY. Thirty percent. Let me ask the Senator from Texas a question. I object, and I do not suppose I have to reiterate my objection, to Congress by law fixing prices of anything. I do not think we are any better qualified to do that than we are to fix the railroad rates. For that reason we have created an Interstate Commerce Commission to fix railroad rates. We have created a tariff commission to fix tariff rates. We have done that because of the difficulty, if not the impossibility, of Congress en masse getting the information upon which scientifically we can act.

I wanted to ask the Senator this question: Since the Bankhead amendment in regard to cotton has been adopted by the Senate and it has been placed in the bill, it leaves less ground to stand upon for those who, on account of principle, objected to it for the same reason might object to the pending amendment and to other amendments dealing with specific commodities. I do not know what the House will do. I do not know whether a similar proposal will be contained in its bill when it comes to the Senate. I understand the House has already defeated an amendment similar to the Bankhead amendment which was submitted to the O. P. A. bill which is there now under consideration. If the House bill should be passed without such an amendment as this, the subject would be in conference. If both Houses act favorably upon it, it will not be in conference.

Mr. President, all of that leads to this: What comparison and what relationship does the Senator from Texas feel exist as between natural products which are limited in quantity and cannot be increased by any of the genius of man? All man can do is to find more of them if they are in existence, but he cannot create oil or coal or copper. When the wages of coal miners were increased last year, I think 22 cents a ton were added to the price of coal in order to absorb the increase in the cost of production. That, of course, was an official recognition by agencies of the Government of a wage increase sanctioned by the Government, and therefore they reflected it in an increased price for the coal which was produced. Now we know there has been an increase in the wage rate of those who work in oil fields, but that may not have been sanctioned by the Government. It may have come about by force of circumstances.

Mr. CONNALLY. That is correct.

Mr. BARKLEY. How does the Senator in his own mind compare the situations, one being an official recognition of an increase in wages by the Government to one type of producers of a natural

product, and another an increase which had been brought about by force of circumstances, which is just as effective as if it had been sanctioned by the Government, being reflected also in a comparative increase in the price of the product produced?

Mr. CONNALLY. I thank the Senator. The point he has made is a very valuable one. In the case of the production of oil I know that the cost of labor and production have both gone up, but I do not think in any case that has ever been called to my attention that the increase in wages was the result of any Government action or the action of any board. It was because of the shortage of manpower and the attractive wages paid in other industries. It was difficult to secure sufficient manpower to drill the wells, and when the operators did secure the manpower they had to pay higher wages.

On the other hand, let us consider the coal situation. Coal is sometimes regarded as a competitor of oil. I do not see the Senator from Pennsylvania present. I presume he will not take serious umbrage at that statement. But in the case of coal when the miners demand and receive an increase in their wages, then the Government automatically lifts the price of coal, and the consumers must pay the additional price. But in the case of oil we are told "No, we froze you back yonder in 1941, and when frozen you have got to stay frozen. We have given you the "Birdseye" treatment, and you have got to keep it up."

Mr. President, that is not a fair method of treating the two industries. Everyone knows that the price of coal has just been raised, and the increased price was passed back to the consumer, and then the money was handed over to the miners. They vote in quite large numbers, as Senators know.

Mr. President, I was saying a moment ago that in Texas we have a railroad commission whose functions include the regulation of the transportation of coal and gas, and the regulation of production, and the determination of how many wells can be drilled on how many acres, and how many barrels can be produced after the operators strike oil. I have a telegram from each one of the members of that commission urging that this amendment be adopted. They have communicated with the members of committees of the House and the Senate. They have communicated almost daily, in conference, with the Oil Administrator for War. They favor and approve the action of Secretary Ickes, as Oil Administrator, in heretofore seeking an increase in the price of oil.

The chairman of that commission in Texas is the Honorable Beauford H. Jester. I have received a telegram from him, under date of June 1. I will not place it in the RECORD, because I do not wish to encumber the RECORD. I have received another telegram from the Honorable Olin Culbertson, railroad commissioner of Texas, under date of June 1.

While I do not have it at hand at the moment, I have also received a telegram

from the other member of that commission, the Honorable Ernest O. Thompson, who was formerly chairman of the commission, strongly urging adoption of the amendment. I have also received numberless letters and other communications from him and the other members, from time to time.

Now let me address my remarks to the Senator from Kentucky, because I wish to answer his question and the question asked by another Member of the Senate. I may state that what I shall say is not particularly serious, so the Senator can continue to talk to the Senator who sits near him, if he wishes to do so.

**Mr. BARKLEY.** Mr. President, whatever the Senator says is always serious, even if he does not mean to have it so.

**Mr. CONNALLY.** The Senator from Kentucky made the point that there is a difference between commodities the sources of which are exhaustible and other commodities. He pointed out that once the source was exhausted, no more could be obtained. He also pointed out that in the case of oil, all one had to do was to find it. Let me tell the Senator that when anyone tries to find oil he undertakes a tremendous job. In my State, after the location of a well is selected, it is often necessary to drill the well 12,000 feet deep in order to reach the oil. We have a number of wells 12,000 feet deep or more. That means the operator must pay \$125,000 or more just for the drilling of the well. We have numerous wells 8,000 or 9,000 feet deep.

I see the Senator from Oklahoma [Mr. MOORE] is smiling. Let me ask him if what I have said is not true?

**Mr. MOORE.** I understand that it is true.

**Mr. CONNALLY.** In fact, there are slanting wells in Oklahoma. I understand there is an oil well under the State House in the capital of Oklahoma, and that in order to get to the well the drill was slanted, so that it punctured the pool under the statehouse. Is that true?

**Mr. MOORE.** I think it is.

**Mr. CONNALLY.** The Senator from Oklahoma should know.

**Mr. President,** I do not wish to take up any more of the time of the Senate.

**Mr. BARKLEY.** Mr. President, I hope the Senator does not imply that the Senator from Oklahoma has a slant on the situation like that one.

**Mr. CONNALLY.** Under the circumstances under which he got here, I think he has a slant on the whole State, or the State has a slant on him, one way or the other. [Laughter.]

At any rate, let me say that I shall vote for the amendment, on the ground that it will aid in increasing the production of oil at a time when it is needed for war purposes as never before, and because it will be needed after the war comes to an end. The Senator from Utah, as I recall, mentioned a subsidy. I do not like subsidies in principle. I do not see why the Government should pay a subsidy to help a person get cheap gasoline, so that he may run up and

down the roads and wear out the roads we are building. I do not see why he should not pay for the value of the gasoline, if he is going to get it.

Incidentally, of course, I should be willing to pay for more gasoline than I am getting now, if I could get it. [Laughter.] But that is beside the point.

The taxpayers are under no obligation, as I see it, to pay a subsidy. Of course, the payment of a subsidy would be justified if the Army and the Navy, for instance, had no other way to obtain a supply of gasoline. I will say to the Senator from Utah that would be entirely justifiable; even though it would be out of the ordinary line of thinking, I would have no disagreement with that view.

**Mr. MURDOCK.** Mr. President, will the Senator yield at that point?

**Mr. CONNALLY.** I yield.

**Mr. MURDOCK.** In the production of copper, lead, and zinc, instead of providing a general price increase, the high-cost operators of producing those commodities were granted subsidies, and thus the needed production was obtained. But at the same time the line was held on the high-price ceiling.

I wonder if the desire is to get the stripper wells into production, and to keep them in production.

**Mr. CONNALLY.** That is one of the desires.

**Mr. MURDOCK.** I wonder how much more economical it would be to subsidize the stripper wells, rather than to grant to all the large oil corporations a general increase in prices, when today they are making more millions than they have ever before made in all their history.

**Mr. CONNALLY.** I will answer the Senator.

**Mr. MURDOCK.** Of course, by increasing the price of oil, we would increase the price of the most important article which is used in the entire war program.

**Mr. CONNALLY.** Oil is no more important in the war effort than copper.

**Mr. MURDOCK.** No; but we are holding the line on copper, and we are subsidizing the high-cost producers.

I am willing to do that if it is necessary. If someone would simply give the figures, regarding what the adoption of this amendment would cost the country over a period of a month or a year, in view of the tremendous profits which now are being made by the oil companies, I doubt that the amendment would be adopted.

**Mr. CONNALLY.** Very well; I shall answer the Senator. He is thinking only in terms of dollars, in terms of how much the adoption of the amendment would cost the people of the country. I do not know what it would cost them; but the gasoline and oil should cost them what it is worth. That should be the cost to all organizations, whether large or small. If the doctrine which is to be applied is based on the question of how much the cost will be we should insert a provision cutting all prices in half, and thus save considerable money to everyone.

**Mr. President,** the Senator from Utah has referred to the large profits made by some of the oil companies. I think some

of the oil companies are making large profits.

**Mr. MURDOCK.** They are making the largest profits in their history.

**Mr. CONNALLY.** At this time I shall revert to a discussion had earlier today. A while ago I endeavored to point out that the oil in question is discovered by the wildcatters, the operators of the small companies. They risk their money. Whenever they find an oil field the large companies move in and buy it.

I understand, although I have not seen the figures, that some of the large companies are making great profits. But they are doing it by the manufacture of high-octane gasoline and by the sale of it to the Government, at a high price, for the Army and the Navy. They are making their profits on the subsidization of their program for the manufacture of synthetic rubber, in connection with which the Government has been building the plants and turning them over to those companies. They are making it in the refining operations in which the small operators do not engage. They are making it from their pipe lines, which the small operators do not have. The larger company is an integrated company. It has some oil production of its own, and also has the oil it buys from other oil producers. Then it has its refinery outlet for all grades of gasoline, first, and for lubricating oil, crude oil, and a dozen other distillates and petroleum products. It makes some profit on all of them. Then it has its own pipe line, in which it not only transports its own oil and gasoline, but transports oil and gasoline for other companies; and it receives a high profit from the operation of the pipe line.

The small operator has only a small well somewhere out in the country. When he sells the oil he obtains from that well he is through.

**Mr. BARKLEY.** Mr. President, will the Senator yield?

**Mr. CONNALLY.** I yield.

**Mr. BARKLEY.** I should like to ask the Senator from Texas and also the Senator from Oklahoma whether under the pending amendment it would be possible for the Government, through the O. P. A. or the War Department, the Navy Department, or any other governmental agencies, to compel the larger companies which are making unaccustomed profits from the refining of oil to absorb any part of the increase in the price of crude oil, so as not to pass all of it on to the public in the form of an increase in the price of gasoline and in the prices of other petroleum products.

**Mr. CONNALLY.** Mr. President, I never like to interpret another Senator's amendment. Therefore I yield to the Senator from Oklahoma. I do not desire to embarrass him.

**Mr. THOMAS of Oklahoma.** Mr. President, it is my understanding that if the amendment should become a part of the law, the O. P. A. then would proceed to fix ceiling prices on the derivatives and products of oil.

**Mr. CONNALLY.** That is correct.

**Mr. THOMAS of Oklahoma.** That is not now being done. Today the ceiling price is placed only on crude oil, and the



price of gasoline and the price of other products of oil is permitted to be governed by the contracts between the producers and the consumers.

The pending amendment would require the O. P. A. not to fix the ceiling price below 90 percent of the parity price, and then to proceed to fix the ceiling prices on other oil products or derivatives in harmony with the price for the crude oil.

Mr. CONNALLY. That will reach the problem.

Mr. BARKLEY. In other words, the answer to my question is, "Yes; the O. P. A. could do that"; is that correct?

Mr. CONNALLY. That is correct.

Mr. BARKLEY. The Senator said the average price of crude gasoline at the refinery is 6 and a fraction cents a gallon.

Mr. CONNALLY. The price is 6 cents a gallon, and for the premium grade it is 6½ cents a gallon.

Mr. BARKLEY. In other words, the gasoline station at the corner of the road pays 6 and a fraction cents a gallon for the gasoline it sells. It sells that gasoline for 15, 16, 20, and in some cases as much as 25 or 26 cents a gallon, depending on the amount of the State and Federal taxes. I do not think any State tax is more than 7 cents. Added to the cost of 6 cents is a State tax which on the average probably is 3 or 4 cents a gallon. If we add that 3 or 4 cents, or if we assume that the tax in the various States is 4 cents, on the average, or even 5 cents, and if we add the Federal tax, we arrive at a price of approximately 11 cents a gallon which the retailer pays for the gasoline he sells to the public for 15, 16, and in some places as much as 21 or 22 cents a gallon.

Mr. CONNALLY. That is correct.

Mr. BARKLEY. It seems to me that somewhere in that process there ought to be an absorption of the increased price of oil. It seems to me that it could be done without much injury to the public which is buying gasoline, if the O. P. A. has full authority to deal with that situation.

Mr. CONNALLY. Mr. President, I am glad the Senator asked the question, because the Senator from Oklahoma [Mr. THOMAS] very clearly pointed out that under the terms of this amendment the Office of Price Administration would be able to regulate a field which it is not now regulating. If the price ceilings on lubricating oil and all the other by-products of oil are reduced, there will be no opportunity for high profits in refining; and, as the Senator suggests, the price of gasoline itself can be regulated.

I do not wish to take up any more of the time of the Senate. I am supporting this amendment because it would aid in stimulating the production of crude oil when we need it. It would give recognition to the policy of parity, which the Congress adopted in solemn statutory form years ago. That is our policy, and all we are seeking to do is to implement that policy by saying that the Administrator shall observe a certain standard. We are not fixing the price by law. We are simply setting up a standard, a meas-

urement, a yardstick for the guidance of the price-fixing agency.

I think we have clearly demonstrated that the costs of production have vastly increased. Everyone knows that to be so. Every cost entering into the production of an oil well has increased, and it is only fair that producers should receive 90 percent of parity, when the theory of the parity law was that they should receive 100 percent.

Mr. CAPPER. Mr. President, in the measure pending before the Senate there is now a specific provision intended to guarantee cotton producers parity price for cotton, as I understand it. I have no quarrel with that provision. I supported it. I believe in the principle of parity prices for farm commodities. Cotton is entitled to the favorable consideration we gave it today. But we have another natural resource in this country for which there is a great demand. While cotton has been selling at close to parity for several years, crude petroleum has been selling at prices far below any possible parity formula that can be fairly computed.

Therefore, if only in the interest of fairness and equity, the Office of Price Administration should be instructed by the Congress to provide increased prices for crude petroleum.

But more than equity is involved. The present prices for crude petroleum, based on the price level of around 1937, while most other prices are based on the levels of 1941 and 1942, are not sufficient to operate thousands of stripper wells at cost. Hence these wells are being abandoned. Once abandoned, they are through pumping oil forever. Water comes in and takes the wells, and that petroleum is lost. The time is coming when even the United States cannot afford to throw away its reserves of petroleum.

I am supporting the amendment for an increase in the price of crude oil, in the interest of national defense, and in the interest also of conserving this great natural resource, as well as in the interest of the small independent producers who are being eliminated from production by the present unduly low prices enforced by the Office of Price Administration.

In this connection, Mr. President, I ask to have printed at this point in the Record a statement by Mr. Russell Brown, general counsel for the Independent Petroleum Association of America, dated June 2, 1944; an article from the Wichita (Kans.) Beacon, published May 20, 1944, with an accompanying letter from Arthur L. Vermillion, executive vice president of the Union National Bank of Wichita, Kans., giving the views of W. B. Harrison, president of the Union National Bank and vice chairman of the Kansas Industrial Development Commission; also an interesting communication from W. L. Hartman, an independent oil producer of Wichita, Kans., giving valuable statistical information on Kansas oil production; also a telegram from former Governor Payne Ratner of Wichita, and other telegrams received by me in the past few days on this very important subject.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

#### INDEPENDENT PETROLEUM

ASSOCIATION OF AMERICA,

Washington, D. C., June 2, 1944.

To the Members of the Congress of the United States:

The independent producers of petroleum have proposed to the Congress, during the hearings before the Banking and Currency Committee, an amendment to the price control law, the purpose of which is to correct the petroleum shortage. We respectfully request your earnest consideration and support of such amendment.

In a collection of charts which the Office of Price Administration sent to Members of Congress, accompanied by a letter bearing date of May 17, it was asserted that "proposals to increase the price of crude petroleum have been based upon these claims" (then followed four statements).

The statements failed to include the one which is of greatest public concern, present shortage of oil. That consideration has been emphasized in the representations made by the oil producers.

An elaborate reply would be required to refute the contentions made in the 20 pages of charts prepared by the O. P. A. We shall here confine ourselves to the four propositions stated on page 2 of the booklet. On the following four pages are the "claims" as stated by O. P. A., with our comment thereon. Respectfully submitted.

RUSSELL B. BROWN,  
General Counsel.

Claim No. 1: That petroleum reserves are being exhausted—producing a shortage of crude oil.

Contrary proof offered by O. P. A.: A graph showing increase in estimates of proved reserves from 1937 to 1943, with a small decline in 1943.

The facts: It is producible oil, not total estimated reserves, that is the basis of supply. There is a present shortage of producing ability and a substantial refining capacity that is idle because of lack of crude oil. There is a steady drain on oil in above-ground storage. The rationing program and the shameful black market eloquently testify to shortage.

"On May 3 we received a request from the Joint Chiefs of Staff for an immediate increase in the production of oil from Elk Hills from the present rate of 15,000 barrels a day to 65,000 barrels a day . . ."

"I need not add that we in the Navy had hoped to conserve the Elk Hills Reserve with only nominal withdrawal throughout. But we have been forced to the reluctant conclusion that a large increase in production is now imperative." (Assistant Secretary of the Navy Ralph Bard.)

Claim No. 2. That a price increase is needed to stimulate the drilling of new wells.

Contrary proof offered by O. P. A.: A chart showing that wildcat drilling was greater in 1943 than in the 6 previous years, an estimate of the number that may be drilled this year, and a statement that shortage of materials and manpower, not inadequate price, was responsible for the decline in drilling of wells other than wildcats.

The facts: Wildcat wells is not a complete answer. Development wells must be drilled. The yearly average of producing oil wells drilled for the years 1940-41 was 19,160; for the years 1942 and 1943 it was 10,032 wells, approximately one-half of the preceding 2-year average, while demand for oil was increased greatly.

The number of wells actually drilled in 1942-43 in areas unrestricted by regulations declined sharply from previous years.

Total number of wells recommended by the Petroleum Administration as this year's program is 24,000. Deputy Administrator Davies recently testified that he doubted that they would do better than 22,000.

Materials, manpower, and price are the important elements of a production program. Price will go far to overcome the shortage in the other two. That is the experienced judgment of our industry.

Claim No. 3. That a price increase is needed to keep stripper wells in operation.

Contrary proof offered by O. P. A. A page of statistics labeled, "Well abandonment at very low level in price-control years." The table shows a lower rate of abandonments in 1943 than in any year since 1939.

The facts: A careful and comprehensive survey—not a computed estimate—now being made by the Interstate Oil Compact Commission and the National Stripper Well Association, will reveal, according to the president of the latter organization, that more wells were abandoned in 1943 than in the previous year; the 1942 total was 10,541, according to the same authorities, not the 7,600 shown in the O. P. A. tabulation. Official notice of this problem was taken on April 21, 1942, by the Petroleum Coordinator for National Defense, and in recommendation No. 47 required 30 days' notice of the intention to abandon wells capable of producing 1 barrel or more per day and reserving the right to disapprove.

Despite its claim that well abandonments are decreasing, O. P. A. has proposed a subsidy to prevent abandonments.

Claim No. 4. That present prices are a hardship upon producers.

Contrary proof offered by O. P. A.: Graphs of "profits of 12 large crude-oil producers" and of 10 major companies. As to the latter, the profits figures shown by O. P. A. do not agree with the published statements of the companies.

The facts: The fact that 10 or 22 companies selected by O. P. A. are making profits does not answer the problem. The thousands of oil producers throughout the United States are the measure of the success or failure of the producing industry. According to the published reports of the Treasury Department of the United States, a majority of companies engaged only in production of oil were losing money even before the addition of wartime costs and difficulties.

UNION NATIONAL BANK,  
Wichita, Kans., May 26, 1944.

The Honorable Mr. ARTHUR CAPPER,  
Senator of Kansas.

Senate Office Building,  
Washington, D. C.

DEAR SIR: We are enclosing herewith a very timely article on our oil situation written by Mr. W. B. Harrison, president of our bank. Mr. Harrison is thoroughly familiar with our immediate problems affecting our oil industries, more particularly the developments of new fields, which means the increasing of our oil reserves.

We humbly pray that you will give immediate consideration to an increase in the price of crude oil in order to hasten the successful conclusion of the present war and to perpetuate one of the greatest American industries in the post-war period. New fields can only be discovered and developed by increasing the price of crude oil, and the present price does not afford the proper spread between the cost of drilling new wells and the price of crude oil. Drilling costs have increased many times during the past few years, while the price of crude oil has remained at a fixed price.

If there is any additional information you desire on this subject we will be glad to furnish same, as we want to do everything we can

to cooperate in the proper evaluation of the many problems confronting the oil industry.

Very truly yours,

ARTHUR L. VERMILLION,  
Executive Vice President.

[From the Wichita Beacon of May 20, 1944]

#### CRUDE DEVELOPMENT HALTED BY LOW PRICE

(By W. B. Harrison, president, Union National Bank, Wichita, and vice chairman, Kansas Industrial Development Commission)

The oil business means so much to Kansas that we cannot afford to let erroneous information regarding the present status and future prospects of this great industry gain general circulation in the United States. At present there is widespread prediction that the Nation's supply of oil is about to be exhausted.

Based on this erroneous belief, we find the eastern seaboard States, which have always clamored for cheap oil for fuel purposes, planning to open flood gates for foreign crude into the United States immediately after the war. We also find the Government itself planning investment of more than \$100,000,000 in a pipe line in Arabia to facilitate transportation of Arabian oil into the United States.

Either of these moves would directly affect the oil industry in Kansas and the Southwest, with a strong tendency to lower the price, although the price is now far too low, and neither of the moves contemplated is based on facts. They are based only on suppositions which can easily be proved to be unwarranted.

#### PREVIOUS FALSE ALARMS

This is by no means the first time that the cry has been raised that the United States' supply of crude oil is being exhausted. Within my own memory the same assertion has been made by Government officials loudly and insistently at three distinct periods in the last 40 years. In 1908 the United States Geological Survey estimated that the maximum oil resources of the United States was 24,500,000,000 barrels. Some 2,000,000,000 barrels in excess of that amount has been produced since that estimate was made, and there is general agreement that we have at least 20,000,000,000 barrels now in known reserves.

In 1919 the same Government bureau estimated that the total amount of oil in the ground for future use was a little less than 7,000,000,000 barrels. In the 25 years since that estimate was made there has been discovered in oil reserves more than five times this amount, and new discoveries are constantly adding to these, though not nearly as fast as would be the case if the price of crude had increased with the cost of discovery wells.

#### KANSAS' ESCAPE IN 1931

In 1931 the writer, together with other representatives of the oil industry in Kansas, journeyed to Washington several times to present arguments for the imposition of an excise tax on oil imports. At that time the Government again came forward with very serious predictions of an oil shortage. Mr. Lyman Wilbur, then Secretary of the Interior under President Hoover, gave out an interview to the press in which he stated that the then known oil reserves in Kansas should not be tapped for 50 years, but should be kept in the ground so that the Government would have a sure supply of oil for the Navy and other operations. And, mind you, this was before the discovery of the rich fields in Barton, Ellis, Rooks, and Barber Counties, and in some other sections of the State. If Secretary Wilbur's policy had been adopted the oil industry in Kansas would have been strangled to death before it had reached its adolescent period. It has not yet grown to full manhood.

#### PLENTY OF CRUDE AVAILABLE

In view of the above facts it is not presumptuous to say that the record of the Government bureaus on the available supply of crude oil does not warrant confidence in their present prediction. No one knows or can know how much oil can be found in the United States when the prospective oil producing lands have all been tested and those found productive have been developed. It is, however, the sincere belief of many well-posted men in the industry that enough oil can be found by normal exploration operations to supply the needs of the United States for centuries. During the past month a very promising field has been opened in Mississippi, an entirely new area from which it is quite possible that hundreds of millions of barrels of oil may be recovered.

No one has any idea how much oil Kettelman Hills can produce, but those who are familiar with that territory estimate a vast amount of oil available there when it is needed. Oil lands along the Gulf Coast and the Atlantic and Pacific coasts produce much more heavily per acre in some cases than any of the interior oil lands, like Kansas. One small tract in California has already produced 3,000,000 barrels of oil per acre, and is still producing prolifically after 15 years of production.

Kansas has many thousands of acres of undeveloped lands that are considered good prospects for oil when drilled, but drilling costs have increased materially during the war period; the price of oil has not increased, the number of wells being drilled is falling off accordingly, and there is no way of estimating how much Kansas can produce in oil during the next 25 to 50 years until this exploration work is done.

Any estimate by Government bureaus or by anyone else of what Kansas can contribute to the oil reserves of the country is likely to be far under what future developments will show, because such an estimate would be based on what is known today and not on the results of exploratory operations. Wyoming is now getting a big play in oil development and is likely to greatly add to the known oil reserves. It is only a few years since Michigan and Illinois produced practically no crude; today they are heavy producers. Nebraska, the Dakotas, Colorado, and Montana are now considered good prospective oil territory. There are large sections of Texas, especially along the coast, that are believed to be good prospects for heavy production.

Some 22 States are now producing oil, and the proven oil territory is extending every year. It is passing strange that the Government is willing to spend more than \$100,000,000 on a wildcat project in Alaska, and an equal amount on a pipe line in Arabia, either of which projects may get us into serious international trouble, but is not willing to permit the price of crude oil to be raised 50 cents a barrel, to be paid for not out of the United States Treasury but by the consuming public, which would probably result in the location of new oil fields within our own borders that would insure an adequate oil reserve for the Nation for several hundred years.

#### EAST WANTS CHEAP FUEL

It is quite natural that the eastern seaboard manufacturing district, which is a vast consumer and not a producer of fuel oil and gasoline, would like to get this product as cheap as it can, but it is not in the interest of American business as a whole, and certainly would not contribute to the prosperity of the country to permit the importation of cheap oil from Venezuela or Trinidad or Africa or any other foreign port. The oil industry pays high wages even in peacetimes, provides a market for pipe and oil well supplies in the making of which hundreds of



thousands of American workmen are engaged, and in many other respects is a vital link in the Nation's industrial chain. The cry of diminishing reserves which threaten future supply has no basis in fact if the industry is given a proper opportunity to maintain the needed reserves.

In the last 20 years this country has produced 21,500,000,000 barrels of oil, but we still have in proven reserves some 20,000,000,000 barrels; and this in spite of the fact that the percentage of dry holes drilled since the war began is less than in normal years. In other words, although the demand for oil is four times greater in World War No. 2 than in World War No. 1 our effort to find crude oil in new fields has increased only a little more than 10 percent above the same effort in the last war. The statistics plainly show that the risk of drilling is not being taken because the costs of drilling compared with the price of crude oil is out of line. If the price of crude were raised it is fair to assume that there would immediately begin a campaign of wildcatting comparable with such activities in former years, and the results would be seen in new fields opened and new reserves created. Until that has been done, or at least tried, there is no foundation whatever for the claim that we are running out of crude oil reserves and that we must lay plans for foreign importation. The Government's own statistics show that only about one-half of the 15,000 square miles of prospective oil producing fields in the United States have been tested. Besides it should be borne in mind that the prospective oil producing territory is being constantly enlarged. In recent years these additions include, for instance, large sections of Nebraska and the Dakotas. Looking back only 25 years, it was a common saying among oilmen in Wichita that no oil would be formed in Kansas west of Butler County because the "granite ridge" was the dividing line. Yet the big Kansas production has been found west of the dead line designated, and it is now generally accepted that much more will be found when western Kansas is better explored. Would it not be much better to test some more of these good looking prospective oil lands before throwing up our hands and inviting in a flood of cheap oil from abroad?

#### OVERSUPPLY AGAIN POSSIBLE

Every preceding period of doleful predictions that the oil supply in the United States is being rapidly exhausted has been followed in less than 10 years by an actual surplus of domestic crude, which demoralized the market and sent the price below the cost of production. It is entirely possible that this may happen again, and the writer believes it will if oil men are given a chance to locate the present unknown reserves. In an article in Nation's Business for May by Wallace E. Pratt, internationally known geologist and vice president of the Standard Oil Co. of New Jersey, entitled "We're Crying Wolf in Oil Again," many dependable statistics on the past and probable future production of oil are given which lead up to the inevitable conclusion that "although no one can measure accurately the future oil resources of the United States, there is no evidence that our present proved reserves constitute all, or even the principal part, of total remaining resources. It is doubtless true that we shall some day exhaust our oil resources unless before that day we discover a better or cheaper source of energy, but the end is not yet in sight. Our proved reserves are large, but undiscovered oil fields still constitute our greatest oil resource." Mr. Pratt further estimates that with now processes of producing oil from shale and coal, it is probable that we have reserves in sight to last the country 1,000 years. Many other authorities agree with him.

#### SOURCES OF POWER CHANGE

Engineers are already promising us a new type engine to be put into production in the post-war period which it is claimed will be many times more efficient than the internal combustion engines or Diesel engines which use large quantities of crude oil, and they predict that the life of the present type of engines will not be more than 50 years. We are therefore faced with two possibilities: First, a supply of crude oil that may last 1,000 years; second, a demand for that crude that may not last more than 50 years.

Under these circumstances does it seem advisable to build pipe lines in Arabia or subsidize imports from Central and South America to guard against a shortage of crude oil until we have made greater inroads on our domestic supply? The Arabian project offers definite danger of no mean magnitude. The proposed pipe line would run through a wild territory where it must be under constant guard by our nationals. That some of them would be killed by the well-known lawless bandits of these districts is hardly open to question. This might well produce strained international relations and result in activities by the Army and Navy that would cost many times the actual investment in the pipe line itself. Why place our foot in such a trap when there is sound reason to believe that adequate reserves of petroleum can be found in the United States by a small increase in the market price of crude oil?

WICHITA, KANS., June 3, 1944.

HON. ARTHUR CAPPER,

*United States Senator from Kansas:*

Referring to Banking and Currency bill extending O. P. A. and including parity price on cotton, the vital importance of crude oil to the winning of the war and to the maintenance of our necessary civilian economy necessitates an increase in the present below parity price on crude oil in this bill as well as on cotton.

PAYNE H. RATNER.

AUGUSTA, KANS., June 3, 1944.

Senator ARTHUR CAPPER,

*Washington, D. C.:*

We understand that the O. P. A. bill is out of the Banking Committee and ready for Senate and that rider to bill puts cotton on a parity and we ask that you see that oil is protected in the same manner as cotton grown by the southerners.

ROY M. HAINES.

AUGUSTA, KANS., June 3, 1944.

Senator ARTHUR CAPPER,

*Washington, D. C.:*

The oil men of the country have done everything possible toward the winning of the war by increased production at the same price as prior to war. Labor and supplies have increased to O. P. A. bill putting oil on parity same as cotton.

E. C. VARNER.

AUGUSTA, KANS., June 3, 1944.

Senator ARTHUR CAPPER,

*Washington, D. C.:*

It is imperative that an increase in the price of oil should be made so as to encourage production. The O. P. A. bill now out of the Banking Committee protects the South in cotton and it is due the oil men to have a rider protecting oil on a parity basis.

HENRY C. BENNETT.

AUGUSTA, KANS., June 3, 1944.

Senator ARTHUR CAPPER,

*Washington, D. C.:*

The Government has maintained the price of oil same as prior to the war. A rider has

been attached to the O. P. A. bill putting cotton on a parity and this is the opportune time for an oil rider to the bill. Will appreciate your interest.

SIMON COHEN.

HUTCHINSON, KANS., June 3, 1944.

Senator ARTHUR CAPPER,

*United States Senate,*

*Washington, D. C.:*

You and your Kansas colleagues are beyond preadventure of any doubt fully familiar with the necessity for an increase in the price of crude oil, as all costs in connection with exploration, development, and production have increased tremendously over the last 3 years. Since the Banking and Currency Committee has reported out a bill which, among other things, calls for periodical adjustments of the market price of cotton to parity, we strongly advocate an amendment thereto with a similar provision affecting intermittent adjustments of the market price of crude oil to parity. All operators with whom I have talked within this area are exceedingly anxious that you give fullest support to such a movement.

CARL HIPPLE OIL CO.,  
By CARL HIPPLE.

WICHITA, KANS., June 3, 1944.

HON. ARTHUR CAPPER,

*United States Senate,*

*Washington, D. C.:*

We have been established in the proposed amendment on cotton. We ask for your support on a similar amendment for oil.

KARL F. FISHER.

WICHITA, KANS., June 1, 1944.

The Honorable ARTHUR CAPPER,

*United States Senate,*

*Washington, D. C.*

DEAR CONGRESSMAN CAPPER: I sent you today a telegram, a copy of which is enclosed.

The independent producer has been fighting for a fair price for crude oil constantly, since the Office of Price Administration came into existence. Up to this time the Office of Price Administration has failed to recognize the difference between a producer and their problems, and an integrated company that depends largely upon buying the producers' crude, running it through their pipe line, processing it, and distributing it to the public or the Army and Navy, for their profit or loss.

I believe that unless the Office of Price Administration is forced to do so through congressional direction, they will continue to ignore the plea of the individual producer for a fair and living price for crude oil.

I also believe you should give due consideration to the individual producer's plight, as the records will show that in Kansas, up to June, 1943, 75 percent of the pools opened in Kansas were by the Independents and small producers, while only 25 percent were opened by the majors. Also as of that date, 84 percent of the crude oil produced in Kansas for the current month was from pools opened by independents, while only 16 percent was produced from fields discovered by major companies.

I am strictly a producer of crude oil and a developer of producing properties, and depend upon the income to carry on my operations.

I found it necessary recently to sell 22 producing properties, as I was unable to operate these properties without loss under the present price, and have had to practically quit development of any future reserves due to lack of cash.

I entered the oil business in Glenn Pool day in Oklahoma and have stayed with it

through the years, with moderate success until now. I have drilled hundreds of wildcat wells, and discovered several of the best pools in the State. My partner and I discovered 11 pools in Kansas during one 2-year period. I feel that I have done a small part toward the development of one of the great industries that has developed our great Nation. I would like to stay in business. It seems odd to us who have been in the oil business all our lives as producers, that we cannot get a price for our crude enabling us to develop new reserves, let alone produce our properties without loss.

As you know, we are getting the same price for our crude that we did before the present war started. Wages, material, overhead, and all expenses connected with this business have gone up and doubled; handicaps of all kinds, together with regulations

that slow down our efficiency, have been placed upon us until we are unable to accomplish what we used to do in half the time that it takes now.

I am sure that by joining the oil business and the cotton industry in supporting this amendment, as their problems are so much alike, we will be able to keep two necessary industries healthy and alive and still do the war effort a great service by continuing to discover new reserves and by producing much-needed crude oil.

I am enclosing a copy of a statement which I had prepared from the records of the State of Kansas showing pools in Kansas discovered by individuals such as I am, and the major companies, together with other pertinent facts which I hope will be of interest to you.

Sincerely,

W. L. HARTMAN.

JUNE 1, 1944.

Senator ARTHUR CAPPER,

Washington, D. C.:

I noticed in the press where a bill was to be presented to Congress to extend the Office of Price Administration for 18 months with amendment attached that they would periodically adjust the price of cotton to parity. The oil producer has the same problem as cotton growers; that is, not enough price to allow the individual producer to stay in business, and everything has been done to no avail to get the O. P. A. to bring the price of crude oil up to a line of other commodities. I urge you to include oil with cotton in this amendment as our problems are so similar to the cotton industry. Please do all possible in your power to get crude oil included in this amendment.

W. L. HARTMAN.

Kansas pools	Discovered by—	June pool allowable		Kansas pools	Discovered by—	June pool allowable	
		Independent	Others			Independent	Others
Ainsworth-Arbuckle	M. B. Armer	32,894		Greenville-West-Arbuckle-Gorham	Magnolia Petroleum Corporation		7,388
Ainsworth-Lans. K. C.	do	935		Grunder-Lans. K. C.	Cities Service Oil Co.		767
Albert	Treleven & Brimm	16,707		Gustason-Arbuckle	Central Petroleum Co.	750	
Aldrich	Continental Oil Co.		12,544	Gustason-Northwest-Lans. K. C.	do	1,193	
Anness	Magnolia Petroleum		915	Gustason-Lans. K. C.	do	1,654	
Barrett-Arbuckle	I. W. Murfin			Hafferman-Arbuckle	Shell Oil Co.		8,025
Barry-Arbuckle	Continental Oil Co.		5,400	Hagan-Arbuckle	Herndon	2,822	
Bear Creek	Great Lakes Carbon Corporation	833		Hall-Gurney-Arbuckle	Hartman-Blair	15,627	
Beaver	Darby Petroleum Corporation	27,798		Hall-Gurney-Gorham	do	39,156	
Beaver-Shallow	do	6,143		Hall-Gurney-Lans. K. C.	do	454,845	
Beaver, NW-Lans. K. C.	N. Appleman	935		Hall-Gurney-Pre Cambrian	do	2,190	
Bedford-Arbuckle	do	894		Hall-Gurney-Shawnee	do	4,609	
Belpre-Lans. K. C.	Shell Oil Co.		20,986	Hall-Gurney-Wabamsee	do	1,709	
Bemis	Cities Service Oil Co.		862	Harrison-Arbuckle	Palmer-Mid Continent		
Bemis, South	Louis Roark	430,711		Hansen-Lans. K. C.	Cities Service Oil Co.		1,105
Big Creek-Arbuckle-Gorham	do	881		Hazel-Arbuckle	W. P. Faulkner	3,410	
	Wakefield & Armer and Hartman-Blair	59,588		Heiken, North-Arbuckle	Ainsworth Bros.	1,747	
Big Creek-Lans. K. C.	do	3,870		Henderson-Arbuckle	Earl Wakefield	1,696	
Big Creek, South-Lans. K. C.	do	6,586		Henne	Westgate-Greenland	17,173	
Bloomer-Arbuckle	Yarnell, Carlson & Spencer	193,941		Herzog-Arbuckle	Gled Oil Co.	4,149	
Bloomer-Conglomerate	do	422		Hesson	Frank Hollow	913	
Bloomer-Lans. K. C.	do	27,404		Higler	Stanolind Oil & Gas Co. & Amerada		33,577
Blue Hill-Arbuckle	Alva Billings	1,500		Hiss	Simpson-Noble	4,512	
Blue Hill-Lans. K. C.	do	14,211		Hittle-Arbuckle	Arthur Brewer	74,652	
Blue Hill-Shawnee	do	2,793		Hoisington-Arbuckle	Perry Thayer	2,219	
Bornholdt	C. R. Craft	146,623		Hoisington-Lans. K. C.	do	1,063	
Bowman-Arbuckle	Simpson-Noble	1,565		Hunter-Chat	Deep Rock	2,532	
Bowman-Lans. K. C.	do	3,264		Iuka-Simpson	Skelly Oil Co.		29,280
Brandenstein	Atlantic Refining Co.		1,708	Iuka-North-Arbuckle	do		18,617
Breford-Arbuckle	Slick, Pryor & Lockhart	23,686		Jerry-Lans. K. C.	N. Appleman	860	
Breford-Lans. K. C.	do	8,423		Jordan-Lans. K. C.	Cities Service Oil Co.		6,923
Burnett-Arbuckle	Central Petroleum	407,824		Karber-Arbuckle	C. L. Carlock	3,845	
Burnett-Lans. K. C.	do	1,680		Kemp-Simpson	Phillips Petroleum Co.		2,745
Cairo-Viola	Skelly Oil Co.		1,477	King	Skelly Oil Co.		22,144
Canton-North	Empire		1,558	Koblitz	I. W. Murfin	7,762	
Carmi-Arbuckle	Hollow Drilling Co.	22,901		Kraft-Prussa-Arbuckle-Gorham	C. L. Price	318,920	
Chase-Arbuckle	Ramsey Petroleum Co.	418,734		Kraft-Prussa-Lans. K. C.	do	21,279	
Chase-Lans. K. C.	do	27,002		Kraft-Prussa-Shawnee	do	8,595	
Couch	Ryan	22,798		Kraft-Prussa-South Lans. K. C.	do	750	
Crowther-Chat	Westgate-Greenland	9,853		Kraft-Prussa-NE-Arbuckle	do	2,467	
Cunningham-Lans. K. C.	Skelly Oil Co.		79,259	Kraus-Northwest	Vickers Petroleum Co.	750	
Cunningham-Viola	do		7,393	Krug-Lans. K. C.	Alva Billings	1,620	
Curtis-Arbuckle	Vickers & McMorow	2,473		Lake City-Arbuckle	Pryor & Lockhart	1,546	
Darien	Hartman-Blair	5,130		Lake City-Simpson	do	2,119	
Dayton, North	Carter Oil Co.		750	Lanterman-Arbuckle	Murfin & Downing	4,051	
Dayton	do		24,200	Lanterman-Lans. K. C.	do	6,236	
Deichmann	Trees Oil Co.	4,893		Leesburgh	Continental Oil Co.		36,237
Deorhead, West-Viola	Champlin	2,005		Lindsborg-Simpson	Dickey Oil Co.	16,108	
Doran-Arbuckle	C. H. Weaver	4,549		Lindsborg-Viola	do	42,632	
Dorr-Lans. K. C.	Cities Service Oil Co.		1,705	Lindsborg, SW-Viola	Falcon-Seaboard-Globe Oil	23,218	
Drach	Fred Rust	20,622		Marchand, West	York State Oil Co.	8,312	
Driscoll-Gorham	Haynes-Anschutz	833		Marshall	Lario Oil & Gas Co.	24,854	
Dubuque-Arbuckle	Block & Bailey	3,349		Max-Arbuckle	E. F. Moran	11,071	
Dubuque-Lans. K. C.	do	1,533		Max-Lans. K. C.	do	1,738	
Dunn's Mill-Arbuckle	Deep Rock	2,105		Morel	Continental Oil Co.		63,270
Edwards	C. E. Skiles	85,331		Mueller-Arbuckle	Tory & Feaster	2,123	
Ellis-Arbuckle	Darby Petroleum Co.	2,670		Mue-Tam-Arbuckle	Lario Oil & Gas Co.	750	
Emmeram	Truro	3,899		Nunn	Atlantic Refining Co.		3,030
Erway-Lans. K. C.	Cities Service Oil Co.		843	Orth-Arbuckle	Slick-Pryor-Lockhart	10,292	
Feltes-Arbuckle	do	22,162		Orth-Lans. K. C.	do		
Fischer	Stanolind Oil & Gas Co.		3,470	Orth-Shawnee	do		
Forest Hill-Arbuckle	Central Petroleum Co.	7,025		Orth, East-Arbuckle	do	3,254	
Frog Hollow	Tulsa Oil Corporation	41,890		Otis	Morgan, Flynn & Milmax Oil	34,932	
Frog Hollow, East	do	5,022		Patterson	Stanolind Oil & Gas Co.		3,297
Gates	Atlantic		10,151	Pawnee Rock	Simpson-Noble	31,059	
Genesee-Arbuckle	Continental Oil Co.		207,131	Pawnee Rock, East	do	905	
Genesee-Simpson	do		834	Peace Creek-Viola	Simpson Oil Co.	252,471	
Goodrich	do		31,264	Penny Wann	Kansas Oil & Gas Co. & John LeBosquet	815	
Gorham-Arbuckle-Gorham	Midwest Exploration Co.	143,634		Penoke-Lans. K. C.	R. W. Shields	1,643	
Gorham-Lans. K. C.	do	131,535		Pioneer-Arbuckle	John Harwood	1,673	
Gorham-Shawnee	do	7,673		Prosper-Arbuckle	Aylward	1,101	
Gorham-Wabamsee	do	863		Rahn	Jock Garden	1,358	
Greenville-Arbuckle-Gorham	Magnolia Petroleum Corporation		29,667	Rattlesnake	Atlantic Refining Co.		798
Greenville-Lans. K. C.	do		21,034	Ray	Derby Oil & Crow Drilling	91,369	



Kansas pools	Discovered by—	June pool allowable		Kansas pools	Discovered by—	June pool allowable	
		Inde- pendent	Others			Inde- pendent	Others
Ray, Southeast	Derby Oil & Crow Drilling	835		St. John-Lans. K. C.	Atlantic Refining Co.		912
Raymond-Arbuckle	Steinbuechel et al.	40,500		Stoltenberg	Tom Palmer	164,669	
Raymond-Lans. K. C.	do.	22,573		Stoltenberg, Southwest	do.	3,261	
Richardson	Midwest Exploration Co.	56,916		Studley-Lans. K. C.	Union of California		1,952
Riley-Lans. K. C.	Courtney B. Davis	1,051		Sugar Loaf-Lans. K. C.	Derby Oil Co.	4,286	
Roesler-Arbuckle	Helmerich & Payne	810		Sugar Loaf, SE-Lans. K. C.	do.	864	
Rothgarn	W. P. Faulkner	1,735		Sun City-Lans. K. C.	Prior & Lockhart	4,315	
Roxbury	Westgate-Greenland	37,798		Susank	M. B. Armer	4,250	
Roxbury, South	do.	5,151		Trapp-Arbuckle	Coralina Oil Co.	742,041	
Rusch-Arbuckle	do.	4,523		Trapp-Conglomerate	do.	915	
Rusch-Lans. K. C.	do.	1,950		Trapp-Lans. K. C.	do.	118,737	
Russell-Arbuckle	Tom Palmer	42,054		Trapp-Shawnee	do.	3,797	
Russell-Lans. K. C.	do.	2,713		Turkey Creek	Aladdin Petroleum Co.	750	
Russell, North-Lans. K. C.	do.	893		Van Lieu-Arbuckle	Stanolind Oil & Gas Co.		2,023
Salina-Viola	Westgate-Greenland	924		Vaughn-Arbuckle	Cities Service Oil Co.		2,976
Shaffer-Lans. K. C.	Atlantic Refining Co.		6,488	Vaughn-Gorham	do.		775
Shallow Water	Atlantic Oil Producing Co.		8,385	Vaughn-Lans. K. C.	do.		24,632
Shuts	Phillips Petroleum Co.		24,299	Walters-Arbuckle	Lario Oil & Gas Co.	48,820	
Silica-Arbuckle	Hilligos and others	625,220		Webster	Aylward	1,021	
Silica-Lans. K. C.	do.	13,205		Wenke	Twinn Drilling Co.	7,744	
Silica, South-Arbuckle	do.	141,115		Wenke, West	do.	1,364	
Silica, NW-Arbuckle	do.	750		Westhusin	L. C. Dean & Kiskadden	14,544	
Sittner, South-Arbuckle	Tory & Feaster	18,368		Whelan	Lario Oil & Gas Co.	21,190	
Smyres-Chaf.	Nelson Drilling Co.	24,404		Wilkins	Mid Plains	69,775	
Snider-Simpson	L. A. Ferris	2,353		Wilkins, SE-Arbuckle	do.	4,236	
Snider-South-Simpson	do.	7,589		Williamson-Lans. K. C.	Tony Witt	13,939	
Spangenberg-Arbuckle	Phillips Petroleum Co.		1,003	Williamson-SE-Lans. K. C.	Hartman-Blair	761	
Stafford-Arbuckle	Stanolind Oil & Gas Co.		913	Zenith	Stanolind Oil & Gas Co.		840,306
Stafford-Viola	do.	41,651		Zenith, West	do.		750
Stark, North-Viola	Lion Oil & Gas Co.	934				6,290,607	1,182,687
St. John-Arbuckle	Atlantic Refining Co.		24,598				

Number of pools listed on June report	208
Number of pools listed on report discovered by majors, 25 percent	51
Number of pools listed on report discovered by independents, 75 percent	157
June allowable allocated to pools discovered by majors, 16 percent	1,182,687
June allowable allocated to pools discovered by independents, 84 percent	6,290,607
Number of pools discovered by:	
Cities Service Oil Co.	10
Atlantic Refining Co.	8
Stanolind Oil & Gas Co.	8
Continental Oil Co.	7
Skelly Oil Co.	6
Socony-Vacuum Oil Co.	4
Phillips Petroleum Co.	3
Shell Oil Co.	2
Carter Oil Co.	2
Union of California	1
Gulf Oil Co.	0
Tidewater Oil Co.	0
Standard of Ohio	0
Sinclair-Prairie	0
The Texas Co.	0
	51
Hartman-Blair, Inc.	11

Mr. REED. Mr. President, if I may have the attention of the Senate, I promise to finish at 5:45 p. m., which is 10 minutes from now.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. REED. If I am to finish at 5:45, I cannot yield to the Senator from Connecticut or any other Senator.

The PRESIDING OFFICER (Mr. Downey in the chair). The Senator declines to yield.

Mr. REED. Mr. President, the case has been so well stated that little additional can be said. Not much needs to be said. I wish to supplement what the Senator from Oklahoma [Mr. THOMAS] and the Senator from Texas [Mr. CONNALLY] have said by reading from a report on this subject by a special com-

mittee of the Senate appointed to investigate the Midwest fuel situation. The report of that committee was submitted on September 15, last. The senior Senator from Missouri [Mr. CLARK], the Senator from Nebraska [Mr. WHERRY], and I submitted a report which read in part as follows:

The committee is definitely of the opinion that every circumstance justifies an increase in the price of crude oil. The committee doubts whether the increase suggested by Petroleum Administrator for War Ickes of 35 cents a barrel is sufficient to bring the necessary added exploration. The committee is more disposed to the thought that in view of the continued increasing costs prevalent throughout the entire producing oil fields a minimum of 50 cents per barrel increase should be allowed. In fact, the committee believes that perhaps a 60-cent increase is necessary. This is included among the recommendations of the committee.

Let me deal for 2 or 3 minutes with the stripper-well question. Stripper wells are wells which once had flush production. They have come down to the point where they produce, on the average, only 2.8 barrels of oil a day, but there are 293,000 of them, and they produce 14 percent of the total petroleum produced in the United States. Those wells are going out of existence, and operation is being stopped because the low price of oil, from their viewpoint, plus the high operating costs which have come to all the oil industry, have made it impossible to continue the operation of stripper wells.

There are more than 3,000,000,000 barrels of reserves in stripper wells, which can be produced by what is known as secondary recovery. However, that requires an additional expenditure which the present price of oil will not justify. If a fair price of oil could be given to the owners and operators of the stripper wells—and let me say to the Senator from Pennsylvania [Mr. DAVIS] that Pennsylvania has more of them in proportion to its production than any other State—they would spend the

money to recover the additional 3,000,000,000 barrels of reserves. There is no other place where we can go with such a degree of certainty and security. So much for the oil question.

Mr. MALONEY. Mr. President, this matter is so exceedingly important, and may result in such terrific cost to the Government should the proposed amendment be adopted, and should the bill fail of veto, that I shall wish to discuss it at some length unless I can be assured of a record vote being taken on the question. I know the anxiety of Senators for action. I know that Senators are likely to become impatient with a lengthy discussion at this late hour. I appreciate the need for haste, as described by the majority leader. I also appreciate the need for affording relief to certain oil producers. But, the method proposed is not the proper one. We should not create the kind of a gusher which we are asked to create in an effort to help some distressed producer. The proposal goes so far, in my judgment, that if it be adopted we shall rue the day we allowed it to become law. The country cannot much longer stand these tremendous costs.

I have a feeling that with greater light on the subject that somehow and in some way, what we have done today may be undone in the next several days. I have no desire further to delay the Senate. Mr. President, I ask for the yeas and nays, and if that is granted I shall not delay the Senate much longer.

Before taking my seat, I should like to say that this matter has been referred to a subcommittee of the Committee on Banking and Currency of which the distinguished chairman of the Committee on Banking and Currency is also chairman. I think it should have careful study of the committee.

The PRESIDING OFFICER. Is the request of the Senator from Connecticut for the yeas and nays sufficiently seconded?

The yeas and nays were ordered.

Mr. MALONEY. Mr. President, the matter has been referred, as I have said, to a subcommittee of the Committee on Banking and Currency. It is important that an effort be made to help the distressed small independent producer. It should have the early consideration of the Senate. I am anxious to do what I think the very able Senator from Oklahoma is anxious to do; namely, to provide relief for the small producer; but I do not think it should be done by providing hundreds of millions of dollars to all oil producers in the country, regardless of what their financial status may be, or regardless of what their profit situation may be at this time.

Mr. WAGNER. Mr. President, I wish merely to say that I concur in what the distinguished Senator from Connecticut has said with reference to the so-called oil bill. I have forgotten who introduced it in the other House. It is now before the subcommittee, of which I am chairman, and as soon as we complete consideration of the so-called O. P. A. bill, we will seriously consider the amendments in the subcommittee.

In reference to the pending amendment, I wish to read a statement. I am not at all familiar with the subject of oil. I am not an authority on it, and anything which I myself might say would be of very little consequence. However, I wish to read from a report of the division in the O. P. A. which has charge of the oil situation. It reads as follows:

This amendment would force an increase in oil ceilings by about 67 cents per barrel, equivalent to an increase of more than 50 percent above the present ceiling. This would increase the cost of oil and its products to the public and the Government by more than a billion dollars, and would add this sum to the earnings of the oil companies, which now far exceed their peacetime earnings.

Oil is not unique in being below this 1926 parity. Three hundred and two of the eight hundred and eighty-nine commodities included in the B. L. S. index are below their 1926 parities. Creation of such a highly favorable special pricing standard in the case of oil would give each of the other commodities among these 302 an equally justifiable case for 1926 parity.

Mr. HATCH. Mr. President, it is regrettable that this matter is now going to a record vote when there has been so little discussion of it. I know that many Senators are interested, and the whole subject should be discussed and fully explored and understood by the Senate. I myself should like to address the Senate at length on the oil conditions in the State of New Mexico, a State which has been largely developed by independent producers.

What the Senator from Texas said about his State is true of mine as well. I have received messages from the officials of New Mexico, such as our Governor and others engaged in the production of oil. Not only recently, but for years they have asked for a substantial increase in the price of oil.

The distinguished chairman of the committee read from the report of the O. P. A. as to what this proposal, if adopted, would cost and how it would benefit the oil companies, and that state-

ment has been repeatedly made by the Office of Price Administration, as though every oil company were making tremendous profits, which it was said far exceed peacetime profits.

I have on my desk a reply to that statement, prepared by the Independent Petroleum Association. I wish I could discuss all the facts which have been developed, but I call attention to this statement:

According to published reports of the Treasury Department, a majority of the companies engaged only in production of oil—

Merely in production—

were losing money even before the addition of the wartime costs and difficulties.

It is said that the companies that are making these profits are limited to 10 or 20. That does not take into consideration the thousands of independent producers, the men who drill for oil and sell oil alone.

As I have said, I regret very much that this matter comes up at this late hour. Reference has been made to the bill pending before the committee. It has been there a long time. It passed the House of Representatives some time ago. Several different committees have already studied this problem. The Committee on Public Lands and Surveys more than 2 years ago recommended to the Senate an increase in the price of oil. The Office of Petroleum Administration for War has devoted its facilities for months to that question, and has recommended an increase, but the Office of Price Administration has refused to act.

Mr. MOORE. Mr. President, in refutation of the statement about the enormous profits made by the oil companies, I wish to say that the oil companies producing oil, and refining and selling refined products, are making money, but the fact is not disclosed that this is a liquidating proposition that is going on with the great number of wells that have been drilled throughout the country, which are often spoken of by the Stabilization Director and by the circulars issued. There is not a single committee or a single agency anywhere that has not recognized the justice of an increase in the price of crude oil for the purpose of building up the oil reserves.

When it is said the companies are making money, I want the Senate to understand that they are not making money, they are liquidating the stock on their shelves, they are selling off their reserves at a price, and so fast that it simply means that they are taking in money and not profits, and these profits have to be used from now on to enable them to go out into the country and build additional reserves, for replacement. The cost of replacement today is away beyond the present price of crude oil.

It is false to say that these profits are accruing to these companies, for they are liquidating the business, and the small producers throughout the country can never again, at the present price, replace the reserves they are liquidating today.

Mr. HATCH. Mr. President, I am about to make a statement in which I think I am correct, and I am sure the Senator from Oklahoma will correct me if I am not. If I am not misinformed, the Phillips Petroleum Co. in 1941 actually posted, or was about to post, an increase of 25 cents a barrel on the price of crude oil. That was before the Stabilization Act was passed. Mr. Henderson requested that that increase, which was being voluntarily posted at that time, be withheld until the matter could be adjusted. It was withheld, and it has been in the course of adjustment ever since, except that the price of oil was frozen. Even that voluntary increase was not granted. Am I correct in that statement?

Mr. THOMAS of Oklahoma. The Senator is correct.

Mr. HATCH. I repeat, I regret very much that this matter comes up at this late hour, and I wish the Senate could thoroughly explore the whole subject, although the Senators who have spoken, the Senator from Oklahoma [Mr. THOMAS] and the Senator from Texas [Mr. CONNALLY], have fully shown the necessity for the increase.

Mr. DAVIS. Mr. President, I shall take but a moment or two, and I speak at all only because the stripper wells in Pennsylvania have been referred to.

Former Representative Evan J. Jones, who is one of the best informed men on oil matters in the State of Pennsylvania, has told me that in the Bradford field the operators are now down to seepage production, and do not have the money with which to develop, nor can they borrow, and that if they are not afforded some relief of some kind by the Congress, the result will be that in the northern part of Pennsylvania and in the western part of New York those wells will be closed down.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a portion of the letter received from former Representative Evan J. Jones, of Bradford, Pa.

There being no objection, the extract from the letter was ordered to be printed in the RECORD, as follows:

BRADFORD, PA., June 6, 1944.

HON. JAMES J. DAVIS,  
Senate Office Building,  
Washington, D. C.

DEAR JIM: This confirms my phone talk a minute ago, urging you to give support to the amendment to the O. P. A. Renewal Act, affecting the increase in the price of crude oil. I take it from our phone discussion, that you have the opinion that the present price of Pennsylvania crude is sufficient to justify increased development with proper returns to the owner. With the exceptional producer, that is to say, the man or company who has financial backing, or sufficient financial strength of his own, and who can drill up and apply water pressure in his property, this conclusion may have merit, but it is not sound to the vast majority of individual producers. They are down to a seepage production on existing wells. They cannot afford to develop their property on the present price of oil because they don't have the money to do it, and they could not borrow the money to do it.

You must remember that secondary recovery by water pressure is localized. The Bradford field and the Alleghany field, New York,



are the only fields in the Pennsylvania area that can use water safely and successfully as a pressure. Other fields in Pennsylvania area, such as the Venango or Oil City field, Butler, Allegheny, Pennsylvania, and West Virginia field and East Ohio cannot use it successfully, and in many cases application is disastrous. The Pennsylvania area takes in all these fields. I am thinking about the producers as a whole and not the specific lease or property owner such as the South Penn or the Tide Water or other large financially supported holdings. There are also certain conditions in the Bradford field which are as distressing as in the lower area. A large part of properties in this field have reached their economic limit. That is, their production costs, because of the high water-oil ratio, are such that they are being forced to abandon these properties when they still have a fairly good daily average production. In 1943 a survey was made of eight different properties abandoned in the Bradford field because of excessive production costs. The aggregate daily average production of these eight properties amounted to between 150 and 160 barrels per day—a considerable amount of high quality oil to be abandoned when you consider that the national average of lubricant recovery from all crude, including Pennsylvania, is 2.8 percent and the customary recovery from the Pennsylvania crude is 23 percent. An increase in the price of oil would mean a considerable extension of the economic life of a large part of properties in the Bradford field. Lands are being abandoned in the lower area (that is, in the Venango, Butler, and Allegheny fields, and also in West Virginia and Ohio) at a terrific rate, simply because the junk value of the material in the well is worth more than the oil produced. This trend must be stopped if we are to conserve our oil reserve in the State of Pennsylvania.

These independent producers that have that situation need an increased price and as I look at it, it is the only thing that will result in continuing production. Your immediate personal interest, undoubtedly, is to help the Pennsylvania producers, and I say to you without any equivocation, that there is a need for the increased price of crude to these producers in order to induce them to expend money to develop their respective properties and thereby increase production during this emergency.

Very truly yours,

E. J. JONES.

Mr. TAFT. Mr. President, there is very much the same type of stripper wells in Ohio to which the Senator from Pennsylvania has referred as existing in Pennsylvania. I think it is purely a question of administration as to whether those wells should have 30 cents or 40 cents or a dollar more for the oil produced. I think the administration has held them too tightly. But I do not see how the Senate can undertake to say that a particular price of a particular product shall be so many cents higher than the Price Administration says it shall be.

There were at least a dozen industries represented before our committee, who presented stronger cases than did the oil industry. We heard the oil industry at length. I was convinced of the justice of the arguments of many of the other industries more than I was convinced of the justice of the arguments of the oil industry.

As a legislative matter, I do not see how we can undertake to pass upon price

after price of thousands of products in the United States. If we enter upon that field, it seems to me we will become hopelessly involved.

Mr. VANDENBURG. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. VANDENBURG. I merely wish to join myself with the observations now being submitted by the Senator from Ohio. I come from a State which is developing into a substantial oil-producing State, and there is no question in the world about the fact that O. P. A. has not treated oil and petroleum adequately and fairly. There is no question in the world about the validity of the argument for better treatment. But, in my humble opinion, there is no validity on earth for ever trying to start to reach specific price controls on the floor of the United States Senate, if we expect to hold the line against inflation very long, and so far as I am concerned, I shall vote "nay."

Mr. MOORE. Mr. President, I should like to say to the Senator from Ohio and the Senator from Michigan that I am just as firmly convinced as they can possibly be that it is no function of the United States Senate or of the Congress to legislate prices; but after listening to the excoriating address of the Senator from Ohio about the Price Administration, and after all that has been said by all the Senators who have spoken of how the Administrator and this agency have administered these prices, I am convinced we cannot expect to get anything fair from them.

As I stated before, to begin with, there is only one way in the world to get justice for this enterprise, and not have it destroyed, and that is for the Senate and the Congress to move as they are moving. It would not have been necessary to adopt the Bankhead amendment except for the fact that its advocates said they could not get an exercise of authority by the Administrator, but discriminations were made, and discriminations are being made now against the oil industry, to the destruction of a large segment of that industry. The purpose is well known.

If the Senate will do what it should do, in my opinion, it will admit that the administration of the price control law has been a mistake, and has not at all resulted in the prevention of inflation, but has created the greatest inflation ever known in this country. It has not been noninflationary; it has produced inflation. It has produced a disrespect for law, and it has not only done that, but it is producing an inflation the like of which was never before known. It is well known that \$21,000,000,000 in currency are floating throughout this country. That \$21,000,000,000, or a large part of it, is used for the specific purpose of running black markets, and for the specific purpose of evading taxes. If the laws had been honestly administered it would not be necessary for a Senator to rise on the floor of the Senate today and advocate the fixing of prices. But unless Congress wants to abolish the Office of Price Administration—and I

candidly think it ought to be done—the only thing the oil industry and the other industries have left to do is advocate the fixing of prices.

Mr. RADCLIFFE. Mr. President, I shall not detain the Senate for more than a moment at this late hour. I find myself totally at variance with the statement made by the Senator from Oklahoma. Many things have been done by the Office of Price Administration with which I do not agree, but most assuredly I think there has always been an attempt by Chester Bowles and his associates to administer the act honestly. I know that a vast amount of effective work has been done under unprecedented trying and often baffling circumstances. Many mistakes have occurred, and many things have been done differently from the way in which you and I may think they should have been handled, and many of them have possibly been handled contrary to what was really the best interests of the country.

The fact remains, however, that conscientious and successful efforts have been made to handle a problem which is as complicated, intricate, and as essentially unpopular as any problem which has ever arisen in this country. The O. P. A., whatever its shortcomings, and these are being constantly lessened, has been a most important and indispensable factor in the fight against inflation.

But, Mr. President, I think the proposition now made to provide specifically by legislation in Congress for an increase in price, especially in the tremendous amount which is provided for by the pending amendment, would be a very unfortunate and unjustifiable move indeed, and I sincerely hope the amendment will not prevail.

SEVERAL SENATORS. Vote! Vote!

Mr. MALONEY. Mr. President, no matter how anxious the Senate may be to vote, I am not going to sit silent under this indictment of Chester Bowles. I am certain that the charge or insinuation that he has not administered his office honestly finds no confirmation among Members of the Senate. I have never heard a committee of the Senate give such praise to a Government official as Chester Bowles received from the Committee on Banking and Currency of the Senate a few weeks ago. I think he has done an admirable job.

It so happens that he comes from my State, and it so happens that he is a long-time dear personal friend of mine. Most Senators know that Mr. Bowles has been an exceedingly successful businessman. Those who do know about him know that most of his business success came by way of the very large corporations of this country, that kind of large corporation which at the present time in a few instances, is endeavoring to overcome the regulations and the rules of the Office of Price Administration. I think it would be half natural if Mr. Bowles had yielded in some instances to those who had during the years been his close friends and his clients. But rather than discovering such a situation, we find a man, a self-effacing, good, hon-

est, and able man, who has been willing to submerge all his personal feelings because of devotion to his country.

I know, because he is my friend, that he does not like the job any more than any other man would like it, but he stays on because it affords him a chance to be of service to his country. I know that from the standpoint of comfort if he followed his personal feelings he would long since have gone home. I know that if he sought comfort for himself he would never have come into this Washington position, because he had been Administrator of the Office of Price Administration in Connecticut for a long time, and he knew its discomforts and its dangers. He came here with an understanding of the fact that there would be mistakes, that his was the most unpopular assignment in the country, and that there was little likelihood that he could win very little public applause.

Mr. President, I say it is a shame to have it said on the floor of the United States Senate that there has been dishonesty in the management and direction of this organization, which in my judgment has come to pretty rich success under the able leadership of the present Administrator.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. BARKLEY. I am sure the Senator knows, as all other Senators know, and as every informed person knows, that there was never a great war in the world that did not result in an increase in the circulation of money, that did not result in a certain degree of inflation, because the very expenditure of unusual sums of money and the creation of large debts and large taxes in order to obtain the money, creates automatically a spending power which it is difficult to curb. Certainly it is not true that under the administration of Mr. Bowles or any of his predecessors in the O. P. A. the greatest inflation has taken place that ever occurred in the history of the United States.

Mr. MALONEY. I was coming to that point, of course.

Mr. BARKLEY. No one who is familiar with what happened after the last war can say that; and it is incredible that any responsible man on the floor of the Senate should say that the \$21,000,000,000 in circulation in the United States is brought about for the deliberate and specific purpose of creating black markets.

Mr. MALONEY. I had intended to discuss that phase of this matter, Mr. President, but with the majority leader's contribution I have said about what I wanted to say. There has been no inflation in this war period comparable with that of the last war. We have not had wartime inflation in a real serious sense. Of course our experience has been painful; of course the situation here and there has gotten out of hand; but by comparison with every other wartime period in history we have sailed this tempestuous sea quite successfully.

Mr. President, I want to say a word more before I close. I do not think the

able Senator from Oklahoma [Mr. MOORE] intended to say what he did say. I do not think his words conveyed his feelings. I know how intensely he feels about the oil situation, with which he has had so much experience, and I choose to think that it was because of the intensity of his feeling in that respect that he overstated his own personal feelings. Feeling that way, I should not have challenged it except for the fact that I should be extremely ashamed of myself if I sat here in the Senate and permitted the indictment of a man who has earned my great respect and who I think has earned and does have the respect of the great majority of the American people.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma [Mr. THOMAS]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MILLIKIN. Mr. President, I ask to be excused from voting, under rule XII. If the pending amendment were agreed to, I might derive an indirect financial benefit. If I felt free to vote, I should vote "yea."

The PRESIDING OFFICER. Shall the Senator from Colorado, for the reasons assigned by him, be excused from voting? The Chair hears no objection, and the Senator is excused from voting.

Mr. HILL. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] are absent from the Senate because of illness. I am advised that if present and voting the Senator from Virginia [Mr. GLASS] would vote "nay."

The Senator from Montana [Mr. MURRAY] is detained in a committee meeting.

The Senator from Florida [Mr. ANDREWS], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are detained on public business. I am advised that the Senator from Florida [Mr. ANDREWS], the Senator from Rhode Island [Mr. GREEN], and the Senator from Maryland [Mr. TYDINGS], if present and voting, would vote "nay."

The Senator from North Carolina [Mr. BAILEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Illinois [Mr. LUCAS], and the Senator from Florida [Mr. PEPPER] are necessarily absent. I am advised that if present and voting, the Senator from North Carolina [Mr. BAILEY], the Senator from Iowa [Mr. GILLETTE], and the Senator from Florida [Mr. PEPPER] would vote "nay."

The Senator from Arizona [Mr. HAYDEN], who is detained on public business, has a general pair with the Senator from North Dakota [Mr. NYE].

The Senator from Utah [Mr. THOMAS], who is necessarily absent, has a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I am advised that if present and voting the Senator from Utah would vote "nay."

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

Mr. WHERRY. I announce the following general pairs:

The Senator from Illinois [Mr. BROOKS] with the Senator from Maryland [Mr. TYDINGS];

The Senator from North Dakota [Mr. NYE] with the Senator from Arizona [Mr. HAYDEN]; and

The Senator from New Hampshire [Mr. BRIDGES] with the Senator from Utah [Mr. THOMAS].

The Senator from Delaware [Mr. BUCK], the Senator from North Dakota [Mr. LANGER], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Iowa [Mr. WILSON] are necessarily absent.

The result was announced—yeas 25, nays 42, as follows:

#### YEAS—25

Bankhead	Eastland	Overton
Bilbo	Hatch	Reed
Butler	Hawkes	Robertson
Capper	Johnson, Colo.	Stewart
Caraway	Kilgore	Thomas, Idaho
Chandler	McClellan	Thomas, Okla.
Chavez	McFarland	Wherry
Connally	Moore	
Davis	O'Daniel	

#### NAYS—42

Alken	Gerry	Shipstead
Austin	Gurney	Taft
Ball	Hill	Truman
Barkley	Holman	Tunnell
Brewster	Jackson	Vandenberg
Burton	La Follette	Wagner
Byrd	McKellar	Wallgren
Clark, Mo.	Maloney	Walsh, Mass.
Cordon	Maybank	Walsh, N. J.
Danaher	Mead	Weeks
Downey	Murdock	Wheeler
Ellender	Radcliffe	White
Ferguson	Reynolds	Wiley
George	Russell	Willis

#### NOT VOTING—29

Andrews	Green	O'Mahoney
Bailey	Guffey	Pepper
Bone	Hayden	Revercomb
Bridges	Johnson, Calif.	Scrugham
Brooks	Langer	Smith
Buck	Lucas	Thomas, Utah
Bushfield	McCarran	Tobey
Clark, Idaho	Millikin	Tydings
Gillette	Murray	Wilson
Glass	Nye	

So the amendment of Mr. THOMAS of Oklahoma was rejected.

Mr. REED. Mr. President, the roll calls in the Senate during this week have been the most revealing of any roll calls which have ever occurred in my presence and during my service in the Senate. There has been no organization between the other side of the aisle and this side. Yet every roll call which has been taken this week has demonstrated that an overwhelming majority of the Members of the Senate voted along the lines of a rather definite policy. I account for that fact in this way: In 1942 a message was sent to the Congress of the United States which would have declared a dictatorship unless Congress had enacted certain legislation. Congress enacted the legislation requested. Under an Executive order of the President, there was set up a policy which has been followed to this date, notwithstanding the fact that on every occasion on which Congress has had a chance to state its views, it has taken a course in the opposite direction. I interpret the sentiment



revealed by the roll calls during the past week as indicating a definite feeling on the part of Congress that the time has come for it to legislate regardless of the views and the declared intention of some of the executive agencies to continue their established policies notwithstanding the views of Congress.

Mr. President, last December I made a speech dealing with important factors relative to price control and inflation. I left Washington about the middle of February for a vacation. After I had gone there came to my office a letter from Mr. Chester Bowles, Price Administrator. It discussed the remarks which I had previously made in the Senate. After I returned to my office and had time to do so, I prepared an answer to Mr. Bowles in which I discussed the entire question. I ask unanimous consent that the letter be printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

Mr. MALONEY. Does the Senator wish to put Mr. Bowles' letter in the RECORD also?

Mr. REED. If the Senator thinks that it is desirable, I shall be very happy to put Mr. Bowles' letter in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas? The Chair hears none and it is so ordered.

The correspondence referred to is as follows:

OFFICE OF PRICE ADMINISTRATION,  
Washington, D. C., February 24, 1944.

HON. CLYDE M. REED,  
United States Senate.

DEAR SENATOR REED: Just prior to the Christmas holidays you presented some rather elaborate statistics to the Senate and drew conclusions therefrom. Ever since then I have been wanting to give you my reaction to them.

First you presented an array of figures showing the powerful accumulation of inflationary pressures and stated that anyone was either dumb or dishonest who said that in view of these forces, prices could be held under control.

The facts you presented were correct and impressive, but the truth is, that in spite of these pressures, prices have been controlled to a great extent—far better than in the last war, when inflationary pressures were much less powerful.

After 52 months in the last war living costs had risen 61.8 percent. In the present war, in a like period with pressures greater, they have been held to a 26.2 percent rise. However, all but three-tenths of 1 percent of the present rise occurred prior to last April, when the hold-the-line order was issued, and the subsidy program went into effect. Since then, for 9 difficult months, the cost of living index has remained almost level. In view of the great inflationary pressures which you so clearly pointed out, this is, I think you will agree, an extraordinary achievement.

The increase in living costs has come about largely through a rise in food prices of 57.1 percent. All other living costs have been held to far lower gains, rents to an increase of only 3.5 percent.

The best job, however, has been in controlling the prices of basic materials entering largely into the cost of the war. Let me give you a few comparisons between the price rises of such materials in this and in the last war.

Commodity	World War No. 1 (51 months)	World War No. 2 (51 months)	World War No. 1 (inflation peak)
	Percent	Percent	Percent
Steel plates.....	187	0	695
Pig iron.....	145	14	304
Copper.....	93	15	165
Zinc.....	80	70	345
Anthracite coal.....	43	26	65
Bituminous coal.....	135	22	264
Lumber.....	71	59	72
Tin.....	156	0	228
Cement.....	76	0	276
Coke.....	171	19	268
Glass (plate).....	81	0	81
Petroleum.....	200	13	215
Lead.....	106	29	195
Wool (wholesale).....	203	62	264
Cotton (wholesale).....	137	106	222

As a result of the large price increases of the last war, the war which had a necessary cost of \$17,000,000,000, actually cost \$32,000,000,000, some \$15,000,000,000, or 47 percent was added by price increases. We still are paying interest on the price increase cost of the last war.

But here is the most impressive fact of all. Had prices advanced in this war as they did in World War No. 1, the war to date would have cost \$65,000,000,000 more than it has cost. Roughly speaking, 1 year's interest on this sum equals the cost of O. P. A. and all subsidy payments to date. In view of these facts I don't think it dishonest to say that prices can be controlled in spite of the great inflationary pressures you so clearly pointed out. They have been controlled.

The second point made in your talk was that we have had no real inflation in this war, since only now have we approached the price level of 1926, said to be a normal, prosperous business year.

There seems to be some incompatibility between the claims; that we are dishonest for saying that prices can be controlled; and saying that there has been no inflation, for if there has been no inflation, then prices have been controlled.

But it does not seem clarifying to let the matter rest with that statement, for the assumption that 1926 was a normal price year is far from correct. Here are annual cost-of-living figures from 1921 to 1942 and monthly figures for 1943.

1922.....	119.7
1923.....	121.9
1924.....	122.2
1925.....	125.4
1926.....	126.4
1927.....	124.0
1928.....	122.6
1929.....	122.5
1930.....	119.4
1931.....	108.7
1932.....	97.6
1933.....	92.4
1934.....	95.7
1935.....	98.1
1936.....	99.1
1937.....	102.7
1938.....	100.8
1939.....	99.4
1940.....	100.2
1941.....	105.2
1942.....	116.5
1943:	
January.....	120.7
February.....	121.0
March.....	122.8
April.....	124.1
May.....	125.1
June.....	124.8
July.....	123.9
August.....	123.4
September.....	123.9
October.....	124.4
November.....	124.2
December.....	124.4

From these figures it is clear that living costs were higher in 1926 than at any time

from the end of the World War No. 1 boom period up to the last half of 1943. This being true, it is no more correct to call the peak of a 22-year period a normal year than to call the low year of the 22-year period—1933—a normal year.

Looking back to 1926 and saying that we have no inflation because only now have we gone over the 1926 peak, is like standing on a mountaintop, looking across a wide valley to another distant mountain, and saying that one is not on a mountaintop because there, off in the distance, is another bit of land just as high.

The surest guaranty of inflation would be to let each production group pick its peak price year and have its prices adjusted on that basis.

I have repeatedly stated the opinion that some upward adjustment of farm prices was called for since they had been too low for farmer or national welfare; but, in my opinion, they have now gone as high as they should go, for the welfare of the farmers. Even as it is, farm-land prices have risen considerably and it will be difficult to maintain farm prices at their present high level.

I wonder if you ever have occasion to study what happened after the World War No. 1 inflation. The prices of principal farm products dropped as follows in the years 1921-22, following the inflation peak:

	Percent
Wheat.....	65
Corn.....	78
Oats.....	71
Cotton.....	76
Potatoes.....	85
Rice.....	79
Peanuts.....	73
Lambs.....	61
Hogs.....	66
Beef cattle.....	57
Butter.....	53
Milk (wholesale).....	32
Eggs.....	73
Hens.....	39
Oranges.....	75

As a result per capita farmer income declined from \$1,430 to \$554 in 2 years and total farm income declined from \$9,249,600,000 to \$3,603,000,000. And in the next 5 years 453,000 farmers lost their farms through mortgage foreclosures. If there is any way to prevent it, I am sure we all want to prevent a repetition of such a situation.

As things stand, in spite of higher costs, especially of farm labor, the farmers have benefited more from the war than any other group in the population, unless it be some of the war contractors. If one calls the 1936-39 level 100, the index of the take-home pay of industrial workers in 1943 reached 182. But the net farm operator income, with all increased costs of farming deducted as expense, reached 295—a 113 percent greater gain. Of course, corporation earnings before taxes far outran all other gains, and totaled 336 percent; but corporation taxes were very heavy and brought net corporation earnings to 110 percent over the pre-war level.

No one begrudges farmers their gains. Their annual earnings were low at the start and still are far below nonfarm income. But I am of the opinion that while individual adjustments still are in order, any further general gain in farm prices will not be in the interest of the farmers. With no further gains farm prices have advanced so much that a distressing post-war decline may be difficult to prevent.

We here in the Office of Price Administration have tried hard to perform a difficult wartime task sincerely and faithfully. Although I do not for 1 minute claim that we haven't made some mistakes, I do believe that in view of the many pressures and obstacles we have encountered along the way we have succeeded in our efforts to keep prices and rents in line and prevent a ruinous inflation.

If you would like to sit down and talk this whole broad subject of price control and the work we are doing here with me at any time, please let me know and I will arrange my time to suit your convenience.

Sincerely,

CHESTER BOWLES,  
Administrator.

UNITED STATES SENATE,  
April 20, 1944.

Hon. CHESTER H. BOWLES, Administrator,  
Office of Price Administration,  
Washington, D. C.

DEAR MR. BOWLES: I have read with interest your testimony before the Senate Banking and Currency Committee relative to price-control legislation. I hope to be able to discuss with that committee the same subject matter, during the present hearings.

Your letter of February 24, having reference to the facts presented in my speech in the Senate on December 17, reached my office while I was away for a period of a few weeks. I am only now able to give it the consideration to which it is entitled because of your important position.

Your appearance before the Senate Banking and Currency Committee was subsequent to the writing of your letter. Your testimony there covered much the same material as your letter to me. I judge from the record that everybody, including yourself, had a good time. The documents you filed are interesting. The less one knows about the subject, the more he would be impressed. I think there is a general agreement that you strengthened your reputation as a good advertising man.

One of the points on which the New Deal agencies and New Dealers are fairly entitled to criticism is the extent to which they arrogate to themselves all of the virtue and wisdom possessed by men in public life. No credit is ever given to the other type of people. They seem to think that this question of price control is subject to copyright by them. May I remind you that I began to vote for price control legislation in the Senate while you were still in the advertising business. I have consistently voted for all such legislation.

In the second paragraph of your letter you impute to me a statement that prices could not be held under control. I have never made any statement of that kind. In my speech of December 17, I did refer to the difficulty of holding prices "to some recent level in the face of these factors." In using the term "recent level" I was referring to the statistical period universally used by your school of thought, namely, the years 1935-39. That was a depressed period, especially for farm products. I do not know of any economist of any standing who believes that prices could be or should be held to that subnormal level. I have stated, and I repeat now, that the American farmer, especially, and American business, in general, could not exist with prices at such a depressed level.

You criticize my use of the year 1926 as a basis for comparison and refer to it as a "mountain top" of inflation. My statement was:

"The year 1926 has been used by dependable statistical agencies as a base year for comparison of prices and living costs."

May I bring to your attention the fact that one of the leading statistical agencies dealing with this question is the Bureau of Labor Statistics in the Department of Labor? This Bureau is quoted more frequently than any other, perhaps as frequently as all other agencies combined.

The Bureau of Labor Statistics still uses 1926 as its base period for wholesale prices. Its current reports are made on that basis. This basis, for comparative purposes, has been written into many escalator clauses in important war contracts.

The Federal Reserve bank, over a period of years, used 1923-25 as its basis. Other statistical organizations used 1925-29, and still other statistical agencies used some combination of years between 1923 and 1930 as an index of what was regarded as reasonably normal business conditions. The difference between using 1926 alone, or any of the others, or for that matter, all of the years mentioned in this paragraph, is not great. The fact that the Bureau of Labor Statistics still uses 1926 is, I think, a conclusive answer to your criticism on this point. I realize it is easy for a person with little experience in production to make criticism that is not soundly based. I do not question your good faith. I only question your information and experience.

As far as I know, there is no authoritative voice asking for any general increase in farm prices. The farmer started from the lowest level of anybody in the 1935-39 period. He had a much longer distance to travel to obtain some reasonable relationship than did anybody else. To those of us who have lived with this question for a generation, your statement that "some upward adjustment of farm prices was called for, since they had been too low for farmer or national welfare," is definitely an understatement. We are not greatly impressed with your statement, "In my opinion they have now gone as high as they should go for the welfare of the farmer." I doubt if your brief experience with the O. P. A. qualifies you to pass a competent judgment upon fundamental policies necessary to the welfare of the farmer. Myself and others have been concerned about the farmer's welfare throughout all the years. We welcome your addition to our ranks, even if you are tardy in joining up.

While I am on this particular point I think the farmers and their advocates, of which I am one, will be further interested in your statement that "their annual earnings were low at the start and are still far below non-farm income." You seem to think that is all right. While you favor "individual adjustments," you state that "any further general gain in farm prices will not be in the interest of the farmers." I will be glad to have the basis for a view that farm population should be permanently condemned to a wage and price level lower than the nonfarm population. Is this your conception of equality as between important classes of our citizenship?

I have not, at any time, opposed price control. In fact, I have favored price control and all legislation to that end. I have definitely opposed the "grocery bill subsidy policy" which the O. P. A. is following. I shall discuss that at some length presently. My position in regard to the O. P. A. was fairly well stated on the Senate floor on February 11, 1944, page 1605 of the CONGRESSIONAL RECORD.

"I have been one of those who have rather freely criticized the O. P. A. It has made a great many mistakes. However, I wish to say for the O. P. A. that, over all, it has done a reasonably good job in holding prices from running away in uncontrolled inflation. The administration now has the power, through ceiling prices or maximum prices, plus the rationing of commodities as between consumers, to control prices; and it does not need the subsidy policy to prevent inflation. I charge these officials responsible for this agitation in the country with bad faith, with exaggeration, with overstatement of the facts, with unnecessarily alarming the people."

May I say, also, that I think you have greatly improved the administration of the O. P. A. For that I wish to give you full credit. This improvement is also reflected in a better public sentiment than the O. P. A. previously enjoyed.

I now want to come to the heart of the differences between yourself and other responsible officers in this administration and

those who hold the views that I hold on this "subsidy" feature of your program.

I make these assertions:

1. That the subsidy policy, as you administer and defend it, is inflationary.

2. That the use of subsidies, as you advocate, has only a slight and incidental relation to farm prices—since you propose that the farmer receive the full price; the deficit to be made up by taxpayers' money from the Government Treasury.

3. That this whole grocery bill subsidy is being carried out as a result of promises made by President Roosevelt to organized labor and has little or no relation to the matter of price control.

4. That the control of inflation, so far as commodity prices are concerned, is to be found in the use of: (a) Maximum prices; (b) rationing; (c) vigorous administration.

As recently as April 8 you joined in a statement to the President, along with Messrs. Vinson, Jones, and Davis, to the effect that the stabilization line has been strengthened and held. To be correct, this must include both prices and wages. It is true that cost of living prices have not increased measurably in the last year. That is not true of hourly wages or weekly earnings.

That statement ends with this language: "We should cling to the policies and machinery which have served us so effectively thus far."

Here you serve notice of your intention to cling to your policy in the use of subsidies as long as you are able to continue to evade and defy the expressed intent and will of the Congress.

I want to challenge a statement from you or anybody else that the grocery-bill subsidy, as you advocate and administer it, is a factor in preventing inflation. It may be a factor in fulfilling a promise President Roosevelt made to the leaders of organized labor that certain staple food prices would not be permitted to rise under any circumstances no matter how much earnings increased. On several items prices have been kept down at the expense of the taxpayer. In round numbers, the O. P. A. and the W. F. A. are spending \$1,300,000,000 a year of taxpayers' money to reduce prices on several cost-of-living items. Every dollar of this money is taken from the Treasury and is all borrowed. The public debt is increased to the full amount of the subsidy. Eventually the public debt must be discharged by the taxpayer. That burden will fall heavily on a generation of taxpayers most of whom are now in the armed forces. Unlike yourself, and others in the administration, I think taxpayers, including coming generations, are entitled to some consideration.

The immediate effect of this policy is to leave the full amount of the subsidy in the hands of the consumer. To the extent of this full amount, pressure upon the price of an inadequate supply of consumer goods is increased. The effect is obvious. It is inflationary. Why you persistently attribute some stabilizing virtue to this policy is not clear to any person who fully understands the subject. Your repeated declarations, along with similar declarations by President Roosevelt, Justice Byrnes, and Judge Jones, have deceived the public and increased public alarm.

I repeat what I have said before:

That is a dishonest public policy, no matter who uses it.

While the effort of those of us who are trying to keep you and your associates honest centers principally around food prices, which have some relation to farm prices, I want to repeat here, and to emphasize, that, theoretically, the farmer has no interest in this controversy, except as a taxpayer. He has the same interest as every other taxpayer and, in theory, no more. Your subsidy money is, in theory, paid to hold farm prices at the full parity or comparable price level. This is not being done, especially in



livestock. Stock raising, including poultry raising, at this time, is perhaps the most demoralized industry in the country due to O. P. A. and W. F. A. policies. The livestock raisers insist that they get only a small portion of the benefit intended for them—and that most of the subsidy money is retained by the middle man or processor. I have seen no figures on this point that could be accepted as conclusive, but undoubtedly there is merit in the livestock producers' contention.

I come now to the statement made by yourself and your associates on April 7. You say:

"Basic wage rates have been firmly held." (Referring to a previous period which might be either October 1942 or the first part of 1943.)

This is simply not true. For your ready convenience, I quote below the average hourly earnings of factory workers as reported by the Bureau of Labor Statistics:

1942:	Cents
October.....	89.3
November.....	90.5
December.....	90.7
1943:	
January.....	91.9
February.....	92.4
March.....	93.4
April.....	94.4
May.....	95.3
June.....	95.9
July.....	96.3
August.....	96.5
September.....	99.3
October.....	98.8
November.....	99.6
December.....	99.5
1944: January.....	100.1

It will thus be seen, that instead of "basic wage rates" being firmly held, they have steadily moved upward—and not slowly. From January 1943 to January 1944, hourly wage earnings increased 8.2 cents per hour, or 9 percent. That is the third largest increase in hourly earnings of any year in the 5-year period since the war in Europe began in 1939.

It is such constant and persistent deception as this which causes those of us who follow the facts to lose faith in you and your associates who make these incorrect statements, and, therefore, deceive the public. I grant that deception of the public is necessary to the success of your policy, but that does not make it honest.

I have dealt here with only the increase in hourly earnings through 1943. This is because your misstatement was directed at that period. It may be said that the increase in hourly earnings from January 1939 to January 1944 is 58.4 percent. Increase in the hourly earnings since January 1941 (Little Steel formula) to January 1944, is 46.6 percent. The entire increase in all items making up the cost of living from January 1939 to January 1944 is 23.7 percent. Measured from any standpoint, increase in hourly earnings, which directly reflect the basic wage, is from two to three times the increase in the cost of living.

Up to this time I have dealt entirely with hourly earnings. These earnings are the main factor, although not the only factor, in the total weekly earnings of these workers. After all, the important thing to the worker is his "take home pay" at the end of the week. Weekly earnings of factory workers increased from \$23.19 a week in January 1939 to \$45.15 a week in January 1944, or a percentage increase of 94.7. Virtually all of this increase came after January 1941. In that month the weekly earnings were \$26.65 as against the January 1944 figure of \$45.15. In other words, during the period of application of the Little Steel formula, hourly earnings went up 46.6 percent; weekly earnings went up 69.4 percent, and the cost of

living went up 23.7 percent. All of these statements are based upon reports of the Bureau of Labor Statistics.

Neither in my long life nor in my reading of American history have I found anything to compare with this persistent and determined attempt to mislead and alarm the people. I have previously mentioned those responsible for this policy of persistent and continued deception.

Let us now move from the factory worker to a somewhat broader field. Workers engaged in mining and transportation are not included as factory workers. Their incomes, however, are included in reports by the Bureau of Agricultural Economics. That Bureau shows the annual wage income of industrial workers, as follows:

1939.....	\$1,205
1940.....	1,273
1941.....	1,495
1942.....	1,847
1943.....	2,138

In this period, the average annual wage income per industrial worker increased 77 percent. In the same period, the cost of living, all items, using 1935-39 as 100 percent, increased 23.7 percent.

While comparison between the wages of industrial workers and the cost of living is the point directly in issue, it is interesting to take a look at the income of the public in general. The total national income divided by the total population, including the armed forces, shows the following average annual incomes:

1939.....	\$540.70
1940.....	577.10
1941.....	695.70
1942.....	865.30
1943.....	1,041.50

Source: Bureau of Labor Statistics, based on reports from Department of Commerce.

Here we have in this 5-year period a 92-percent increase in the average income of all the citizens of the United States. Cost of living in this period increased 23.7 percent.

In the name of God and common sense, why should future generations of taxpayers, including men in the armed forces all over the world, be penalized to subsidize the grocery bill of the present generation of citizens who are receiving the highest average income ever received by any people in the world throughout all history, and spending a smaller proportion for food than any other civilized people?

A plea that this grocery bill subsidy policy is in the interest of the wage worker is insincere and fallacious. Prior to World War No. 2, the maximum average income per industrial worker was, in 1920, \$1,411. Decline began after 1920 and the industrial worker's income never equaled the 1920 income until 1941 when it amounted to \$1,495. The

1943 annual income per industrial worker was \$2,138. Beyond any doubt, incomes of all kinds of people, including industrial workers, will decline after World War No. 2. How far this decline will go, and how long it will last, is a matter of so uncertain conjecture that no estimate is of any value.

The outstanding fact is—that never in all of our history have the people generally, and industrial workers in particular, been so able to pay the living expenses out of current income as they are now. As has been pointed out, the use of this grocery bill subsidy only defers the day of payment. In heaven's name, why defer payment from the period when one is most able to make it, to a period when the ability to pay will be lessened? We are only transferring the burden, not removing it.

Continuing with this study: Because this matter is too voluminous to readily include in this letter, there is attached a statement showing the income and trend of income throughout 1943, as well as the expenditures for food.

It will be observed that the per capita average income increased 13.2 percent through 1943. Expenditures for food increased 11.2 percent. This item is affected by volume of food consumption as well as price. The "take home income after paying grocery bill" increased 13.6 percent. The percentage of income expended for food shown on this table never exceeded 20 percent. If a quantity of food, representing average consumption through 1935-39, had been bought, the expenditure for food would have been 15 percent of the income.

There is no record of any population in any civilized nation in the world being so well fed as the people of the United States, and there is no record of any people being able to purchase their food for so low a percentage of their income as the average citizen of the United States can do at this time and has been doing throughout the years.

Why the persistent demand of yourself and those associated with you for subsidies to reduce the grocery bill of people whose incomes are larger currently than they are likely to be again for any conceivable period of time? This policy is so unsound that no man can thoroughly understand it and still advocate it if that man is sincere. If men in authority advocate such a program without understanding it, they may reasonably be charged with being dumb, at least incompetent. If they understand all the facts, and still advocate it, on the basis that yourself, Judge Jones, Justice Byrnes, and President Roosevelt advocate, they create a basis for doubting their sincerity and integrity. I have said this before—I repeat it here.

With my best wishes, I am

Cordially yours,

CLYDE M. REED.

Per capita food costs, consumer income and expenditures, United States by months, 1943

Year and month	Total income payments per capita	Expenditures for food	Take-home income after paying grocery bill	Food expenditures as percentage of income	
				Actual	Cost of quantities of food representing average annual consumption 1935-39
1943:				Percent	Percent
January.....	\$973	\$196	\$777	20	16
February.....	991	198	793	20	16
March.....	1,009	207	802	21	16
April.....	1,023	193	830	19	16
May.....	1,028	201	827	20	16
June.....	1,040	200	840	19	16
July.....	1,048	217	831	21	16
August.....	1,059	207	852	20	15
September.....	1,058	204	854	19	15
October.....	1,069	219	850	20	15
November.....	1,086	210	876	19	15
December.....	1,101	218	883	20	15

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

Mr. TAFT. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an amendment which yesterday, at my request, was ordered to lie on the table and be printed, but which I do not intend to propose.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the proper place in the bill insert the following:

"Sec. —. The Emergency Price Control Act of 1942 is hereby amended as follows:

"At the end of the second sentence of section 2 (a) insert the following: 'Any maximum price established or adjusted by the Administrator shall be such as to allow to each class of producers, manufacturers, processors, and distributors concerned therewith a generally fair and equitable price for the particular product affected, taking into consideration the cost of producing, manufacturing, processing, or distributing such product and a reasonable profit subject to the following provisos:

"(a) The price need not be such as to assume profit to any individual producer, manufacturer, processor, or distributor who is inefficient, or who for any other reason failed to receive such profit under peacetime conditions.

"(b) The maximum price fixed for any class of producers, manufacturers, processors, and distributors need not be such as to assure a profit for such particular product if it was customary prior to the war for such class to sell such product without profit.

"(c) The price fixed for any class of producers, manufacturers, processors, or distributors need not be such as to assure a profit for a particular product if (1) such product is only one of a larger group of products substantially all of which are handled by all members of such class, and (2) the sum of the profits on all the products handled by such class are generally reasonable.

"(d) The Administrator shall have the right to determine what producers, manufacturers, processors, and distributors constitute a class, and in doing so shall give proper consideration to the character of the business, the kind of products handled, method of handling such products, and regional variations which prior to the war led to a general difference in prices and margins."

Mr. BUTLER. Mr. President, I desire to call up an amendment, in order to have 1 or 2 minutes' discussion of it. It was intended to be proposed by the Senator from Illinois [Mr. BROOKS], who is not present at this time. I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert the following:

SEC. 101.5. Section 2 (c) of such act is amended by inserting after the first sentence thereof the following: "The Administrator shall provide for individual adjustments in those classes of cases where the rent on the maximum rent date for any housing accommodations is, due to peculiar circumstances, substantially higher or lower than the rents generally prevailing in the defense-rental area for comparable housing accommodations, including rents in housing accommodations in which there has been since the maximum rent date a substantial increase or decrease in property taxes or operating costs, or in

which the rent is less than the total costs of operation, or in multiple-unit premises the rent is lower than the maximum rent generally prevailing for comparable housing accommodations in the same premises."

Mr. BUTLER. Mr. President, an amendment of this sort was submitted at the committee hearing. I believe the Senator from Ohio has a proposed regulation, received from the O. P. A., which should be placed in the RECORD, in order to make it complete.

Mr. TAFT. Mr. President, in the committee I offered an amendment. The difficulty with the rent situation is that the Administrator has refused to consider individual applications for adjustment of rent, except in 10 limited classes of cases in which he has chosen to permit adjustments to be made.

I think there should be a broader provision. In the committee I submitted an amendment, which I subsequently withdrew when it appeared that a majority of the members of the committee were opposed to it. I withdrew it with the understanding on the part of the O. P. A. that it would submit a further exception, in the form of a regulation which it would put into effect in order to permit individual adjustments to be made.

After the committee closed the hearings, the O. P. A. submitted the proposed regulation. I shall ask unanimous consent to have it printed in the RECORD. It does not go so far as I think it should go. However, it shows a willingness to open up somewhat the matter of consideration of individual rent adjustments.

If it appears, after trial, that the new regulation does not flood the O. P. A. with a large number of rent cases, I am hopeful the O. P. A. will increase the number of cases of rent regulation or adjustment in which it will grant hearings for individual complainants.

I think it is perfectly clear that the Senate, the House of Representatives and the act contemplated that an individual complainant who had an especially large increase in cost, or whose rent was not comparable to other rents, should receive an individual adjustment. However, at this time I do not wish to press the general question of an amendment of the law.

I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the amendment to the rent regulations which I understand the O. P. A. is making or will make if no provision relating to rents is incorporated in the present law.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment to the rent regulations was ordered to be printed in the RECORD, as follows:

#### AMENDMENT TO RENT REGULATIONS

Any landlord may file a petition for adjustment to increase the maximum rent otherwise allowable, only on the grounds that:

(II) The rent on the date determining the maximum rent was materially affected by special hardship circumstances and as a result was substantially lower than the rent generally prevailing in the defense-rental area for comparable housing accommodations on the maximum rent date.

Mr. BUTLER. Mr. President, in view of the explanation made by the Senator from Ohio and the understanding we have had within the committee, I am hopeful that the Administrator will be as reasonable or as lenient as he possibly can be under the regulations which are proposed.

In view of that situation, I withdraw the proposed amendment. Of course, I desire to have it printed in the RECORD as it has been read.

Mr. WILLIS. Mr. President, the other day, at my request, an amendment to the bill now under consideration was ordered to lie on the table and to be printed. I do not propose to press for its adoption at this time, but I desire to have it printed in the RECORD, and I ask unanimous consent to have that done.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 3, after line 24, insert the following:

"(1) No maximum price shall be established or maintained for any of the following: (1) Public sales by a bona fide owner, directly or through an agent or auctioneer, of such owner's used furniture, household goods, and personal effects acquired by such owner for his own use or consumption, and not acquired for the purpose of resale; (2) public sales by a bona fide farmer, directly or through an agent or auctioneer, of such farmer's used tractors, machinery, implements, and tools, acquired by such farmer for his own use in connection with his farming operations and activities, and not acquired for the purpose of resale; and (3) public sales by an administrator, executor, guardian, or trustee, directly or through an agent or auctioneer, pursuant to an order of court, of any used personal property of the character enumerated in clauses Nos. 1 and 2 above."

On page 2, line 24, strike out "subsection" and insert in lieu thereof "subsections."

Mr. WILLIS. Mr. President, I also ask unanimous consent to have printed in the RECORD, as a part of my remarks, a statement about certain abuses in connection with market regulations affecting the sale of hogs. The statement relates to a regulation by the War Food Administration, which I intended to offer at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### ABUSES IN REGULATIONS AFFECTING HOG MARKETING

Present support prices are on hogs weighing from 180 to 270 pounds, hereinafter called bracket weights. Hogs weighing below or above these bracket weights can be bought at a price discretionary to the packer. As a result, hogs in excess of 270 pounds are now selling at discounts as great as \$2 per hundredweight below support prices for bracket weights. This means that a hog weighing 271 pounds will bring approximately \$5 less than a hog just under 270 pounds. It is common practice for order buyers to fill orders as nearly as possible with hogs outside the bracket weights. As a result, bracket-weight hogs oftentimes lie in the yards 2 to 3 days before being sold, thus effecting an enormous shrinkage and penalizing the producer.

Due to the heavy flow of hogs to market and the apparent inability of packers to take the



hogs, a permit system has been established on the Indianapolis market. Demand for permits far exceeds the ability of the market to assimilate the hogs. As a result hogs are kept back on the farm, and in many instances held there against the farmers' wishes, until the weight exceeds the 270 pounds, consequently inflicting a terrific loss on the producers.

Another unfair practice is that of making false grades within the bracket weights, which enables the packer to buy choice hogs below the support price.

It is my suggestion that false grading be absolutely prohibited, and that the break in prices on out-of-bracket weight hogs be limited to the normal differential prices for hogs in those weights.

Mr. MILLIKIN. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter dated April 14, 1944, from me to Hon. Ivan D. Carson, Deputy Administrator of the Office of Price Administration, and a reply which I received under date of May 6, 1944, from Mr. Bowles, both letters having to do with the subject of voluntary contributions. I started to read the letters the other day, and referred to them, but did not actually enter them in the RECORD. I ask unanimous consent that they may be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

APRIL 14, 1944.

Hon. IVAN D. CARSON,  
Deputy Administrator,  
Office of Price Administration,  
Washington, D. C.

DEAR MR. CARSON: Thank you very much for your letter of April 13, 1944, replying to observations in a letter which I have received from Mr. T. B. Estill, of 1770 South Santa Fe Drive, Denver, respecting rent control of motor courts by O. P. A. I am passing your letter on to Mr. Estill for his further reactions, which I shall communicate to you.

I am very much interested in the second from the last paragraph on the third page of your letter regarding voluntary contributions to the Treasury of the United States by those alleged to have made rental overcharges and where the person overcharged cannot be found and where in the opinion of the enforcement officials the violation is not of a sufficiently serious character to warrant criminal proceedings. Your statement that "a somewhat similar technique of voluntary contributions to the Treasury has been used in the past in connection with violation of other Federal statutes" is also noted with especial interest.

Let me suggest that this technique is reprehensible. If, as you state, the alleged violation does not appear to be of such a serious character that criminal proceedings should be brought against the violator, then, under self-evident principles of fair play and under proper performance of official duty, there should not be any criminal proceedings and there should not be any bartering to remove the threat of them.

If criminal proceedings are not warranted, there is nothing left but a civil claim existing exclusively between the landlord and tenant. The landlord did not rent his accommodations to the United States Treasury. He did not overcharge the United States Treasury. Hence, he does not owe anything to the United States Treasury. Moreover, the Government is not a collection agency for claims between landlords and tenants and the procedure does not serve that function for obviously the citizen's voluntary payment of a sum of money into the United States Treasury does not extinguish his debt

to his creditor. If the landlord is unjustly enriched because he cannot find the tenant to whom he owes the money this is not corrected by an equally unjust enrichment of the Federal Treasury.

To call the payment voluntary, keeping in mind that it is admittedly a part of a technique of settlement, is a cynical perversion of the meaning of the word. Of course, the voluntary contribution is induced by dangling the threat of a criminal proceeding over the citizen's head. This technique is condemned by its nature, it is a criminal offense, where practiced by private citizens, and so far as I know it is not a statutory privilege of Federal officials.

I shall appreciate it if you will furnish me with a list of all persons who have made such voluntary contributions, with the amounts thereof, in O. P. A. rent-control cases. Please also cite me any provisions of law relied upon as authority for practicing this technique.

I shall also appreciate it if you will advise me of the names of the other Federal agencies which follow this technique in connection with the violation of other Federal statutes.

I am,

Sincerely,

EUGENE D. MILLIKIN.

OFFICE OF PRICE ADMINISTRATION,  
Washington, D. C., May 6, 1944.  
The Honorable EUGENE D. MILLIKIN,  
United States Senate,  
Washington, D. C.

DEAR SENATOR MILLIKIN: Your letter of April 14, 1944, addressed to Ivan D. Carson, Deputy Administrator for Rent, has been referred to me for reply.

You express an interest in the second from the last paragraph on the third page of Mr. Carson's letter to you dated April 13, 1944, wherein he mentions the matter of voluntary contributions to the Treasury of the United States in those cases where landlords have made rental overcharges, where the person overcharged cannot be found, and where, in the opinion of the enforcement official, the violation is not of a sufficiently serious character to warrant formal proceedings. You express disapproval of the technique of collecting voluntary contributions and ask that we cite to you any provisions of law relied upon as authority therefor.

I have checked carefully into the practice of accepting voluntary contributions and enclose a full memorandum on the matter, dated April 10, 1943, by Thomas I. Emerson, Deputy Administrator for Enforcement, then Acting General Counsel. Prior to the effective date of the Emergency Price Control Act, and prior to July 31, 1942, when the treble-damage provisions of the Emergency Price Control Act became operative, the acceptance of voluntary contributions from violators proved a very practical and, in our opinion, a fair and effective way of adjusting many cases which did not warrant the expenditure of time and funds in formal enforcement proceedings. With respect to violations occurring after July 31, 1942, we have been accepting voluntary contributions only in an insignificant number of cases compared to the total number and amount of refunds to tenants. The reason for this is that most of the cases which we wish to adjust on an informal basis, without the imposition of formal sanctions, are disposed of through a settlement of the Administrator's claim for treble damages or, in the case where the treble-damage claim lies in the purchaser or tenant, through restitution to such purchaser or tenant. As a result, the only cases in which we accept contributions, where the violation has occurred after July 31, 1942, are situations where the Administrator has no right of action to treble damages and where the consumers or tenants are numerous and unknown.

We have, as you know, literally thousands of complaints of violation and our investigations disclose that many of these are well-founded. It seems entirely justifiable to me to dispose of a great proportion of these innumerable cases without formal enforcement proceedings. As the attached memorandum indicates, the practice has never been used in substitution for criminal sanctions. It has been a device for rapidly adjusting cases which were not sufficiently serious to warrant criminal prosecution and which were not sufficiently important to justify other types of formal enforcement proceedings. The practice seems to me a sound method of restoring the status quo and eliminating the effect of the violation.

I should also like to point out that in my eighth quarterly report to Congress for the quarter ending December 1944, which is currently in the process of being distributed to the Congress, we state:

"As a result of the activities mentioned, restitution of thousands of dollars by landlords, representing overcharges, has been effected. In cases where restitution has not been feasible, landlords have made voluntary contributions to the United States Treasury in the sum of \$112,523.95 during this quarter."

You also request that we furnish you with a list of all persons who made such voluntary contributions, with the amount thereof, in O. P. A. rent-control cases. The research involved in complying with this request would delay this response so long that I am submitting herewith the following total figures setting forth the number of rent contributions to the Treasury and the total amounts for the years 1942 to 1944, inclusive:

1942 <sup>1</sup>	3	\$33.16
1943	593	245,597.48
1944 <sup>2</sup>	221	73,979.01
Total	817	319,609.65

<sup>1</sup> Incomplete.

<sup>2</sup> January, February, March.

If these statistics are not adequate for your purpose please advise me and I shall endeavor, as soon as possible, to obtain the detailed information which you request.

Thank you for your interest in these matters.

Sincerely yours,

CHESTER BOWLES,  
Administrator.

APRIL 10, 1943.

To: Prentiss M. Brown, Administrator.  
From: Thomas I. Emerson, Acting General Counsel.

Subject: Voluntary Contributions.

The practice of accepting voluntary contributions to the United States Treasury of amounts received, in excess of ceiling prices, by violators of price regulations is based on the theory that it is contrary to the policy of the Emergency Price Control Act and against public interest to permit violators to retain the fruits of their wrongdoing. These excess charges are not to be confused with legitimate profits. Where illegal amounts have been charged, the amount which is contributed represents profit to which the seller is not entitled under the law. The retention of such sums by violators contributes to inflation.

The making of contributions by violators of price regulations is voluntary, and has always been limited to the type of case where the violation is inadvertent. Contributions have not been accepted in cases where the evidence indicates that the violation was willful or deliberate, or where for any reason the application of the criminal or other statutory remedies appears warranted.

The amount of the contribution is in each case determined in accordance with the exact amount of the overcharge which is thereby remedied. In cases where a contribution is

accepted, the violator is advised by the representative of the Office of Price Administration that the making of the contribution is a voluntary method of disposing of cases whereby the violator may evidence his good faith as to future compliance. The violator is also required to submit a written statement that he will in the future comply with the regulations.

To a limited extent, as explained below, the policy has also been extended to violations of rent regulations. It has never been used in connection with violations of rationing regulations, since violations of this type do not involve overcharges.

The policy is also not applicable to violations which have occurred after July 31, 1942, which is the effective date of the treble-damage provision of the Emergency Price Control Act, except in a limited class of cases involving sales at retail where the buyers are unknown or unascertainable and where there is little likelihood that such purchasers will exercise their treble-damage rights. Similarly, in cases of violations of rent regulations, contributions may be accepted in cases where tenants have been numerous and are unavailable, as in the case of overcharges made by the proprietor of a trailer camp, or the proprietor of a boarding house for transients. In cases where overcharges have been made to retail purchasers or tenants who are available or ascertainable, the sellers are not permitted to dispose of their violations through the making of a contribution, but are instead required to make any adjustments directly with the persons who have been overcharged. In cases of over-the-ceiling sales made subsequent to July 31, 1942, to purchasers other than at retail, where, pursuant to the statute, the treble-damage remedy belongs to the Administrator, the contribution policy has no application. In such situations, of course, settlement of the Administrator's claim to treble damages frequently results in a money payment by the violator to the Treasury.

Precedent for utilizing the contribution policy as an enforcement technique was found in the use of a similar practice by former President Herbert Hoover, the United States Food Administrator under the Food Control Act of 1917, during World War No. 1. Under Mr. Hoover, the contributions were made to the Red Cross instead of the United States Treasury. His authority for this practice was never challenged, either in the courts or in Congress. His annual report for the year 1918 shows that between August 10, 1917, and December 3, 1918, there were 8,676 cases of violations handled by the Enforcement Division, and of these 4,123 cases were disposed of by contributions and refunds (Annual Report of U. S. Food Administration for the year 1918, pp. 42-43). On page 43 of his report the following language appears:

"These orders fall into two general classes depending upon whether they are addressed to a licensee or a nonlicensee. If in the first class, the order has either revoked or suspended the violator's license, temporarily or indefinitely, or has accepted some action by the violator as a substitute for such revocation or suspension as; for example, a refund of excess profits or a contribution to the Red Cross, or some other patriotic organization. In many cases a violator has offered and preferred to make such a contribution rather than to have his business closed, even temporarily; and in cases of minor offenses, such action has met the ends of substantial justice to the best advantage."

The contribution policy was first utilized by the Administrator under Executive Order No. 8734, issued by the President on April 11, 1941 (6 F. R. 1917), which established the Office of Price Administration and Civilian Supply, and under Executive Order No. 8875, issued on August 28, 1941 (6 F. R. 4483),

which continued price control authority in the Office of Price Administration. At the time of the adoption of the policy, the sanctions available to the Administrator under these Executive orders were indirect and cumbersome, and for most practical purposes unusable.\* The Administrator was thus faced with a serious enforcement problem. Numerous violations of the regulation were called to his attention, particularly in connection with crucial waste-materials industries. Wherever such violations were found to be inadvertent, as in cases of honest mistakes or where because of the newness of the regulation involved the violator was not sufficiently acquainted with its provisions, the contribution policy was found to be an effective means with which to secure compliance. The application of this policy during this period enabled the Administrator to enforce price regulations over a wide area during a critical period through the use of a device that was both equitable and practical in its operation. The availability of this remedial device, to the extent to which it was applied, made less serious the threat of inflation created by the absence of workable sanctions.

Because of its effectiveness in providing a fair means for disposing of cases of inadvertent violations, the contribution policy was continued in operation after the passage of the Emergency Price Control Act, which became effective on January 30, 1942 (Pub. Law No. 421, 77th Cong., 2d sess. (1942)). This act provided for the following enforcement sanctions:

1. Injunction (Sec. 205 (a)).
2. Criminal prosecutions (Sec. 205 (b)).
3. Treble damages (Sec. 205 (c)).

(a) By purchaser where sale is made for use or consumption other than in the course of trade or business.

(b) By the Administrator where purchaser is not entitled to bring suit.

4. Suspension of license (Sec. 205 (f)).

As pointed out above, contributions have not been accepted in cases where the use of any of these sanctions has been called for, with the exception that in a few cases a contribution has been accompanied by a consent decree entered in an appropriate court to enjoin further violations. In no case has a contribution been accompanied by or taken the place of a criminal prosecution or license suspension suit. Under the provisions of the statute, the effective date of the treble damage remedy was postponed for 6 months after the date of enactment of the statute. During this period, the contribution policy was a useful device for the disposition of cases which were not subject to the application of other sanctions. Subsequent to the effective date of the treble-damages remedy, the contribution policy has not been applied in cases where either the Administrator or a purchaser has a treble-damage claim, except in the single instance where an over-the-ceiling charge has been inadvertently made to numerous buyers or tenants who are unascertainable or unavailable. The contribution policy has thus been practically terminated with respect to violations which have occurred after July 31, 1942.

\*Par. 2 (h) of Executive Order No. 8734, empowered the Administrator to recommend to the President the exercise of such of his powers as the commandeering power (Selective Service Act, sec. 9, 54 Stat. 892 (1940), 50 U. S. C. A., sec. 309 (Supp. 1941)), and the priority power (Priorities Act, sec. 2 (a), 54 Stat. 676 (1940), as amended by the Vinson Act, Public Law No. 89, 77th Cong., 1st sess. (May 31, 1941)), when in the judgment of the Administrator such action by the President would enforce compliance with price schedules.

The contribution policy has been made known to Congress and the public since its inception. The practice was mentioned in the first quarterly report submitted to Congress for the period ending April 30, 1942. (See page 76 and table 5 (c) (1) in Appendix C at page 195.) It was discussed in the second quarterly report for the period ending July 31, 1942, and a full table of the contributions transmitted to the Treasury was published. (See page 55 and table 8 in Appendix C, page 251.)

It is to be noted that every contribution is made payable to the United States Treasury and is transmitted to the Treasury, in each instance, with a covering letter. These contributions are accepted by the Treasury as unconditional gifts and are deposited there as miscellaneous receipts. Letters of acknowledgement have been sent by the Treasury to each contributor.

It is believed that the policy has been fair and equitable in its operation, and that it has assisted in carrying out the purpose of the President and of Congress to curb the rise of prices.

**THE PRESIDING OFFICER.** The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

**THE PRESIDING OFFICER.** The bill having been read the third time, the question is, Shall it pass?

The bill (S. 1764) was passed, as follows:

*Be it enacted, etc.,* That this act may be cited as the "Stabilization Extension Act of 1944."

#### TITLE I—AMENDMENTS TO THE EMERGENCY PRICE CONTROL ACT OF 1942

##### TERMINATION DATE

SEC. 101. Section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out "June 30, 1944," and substituting "December 31, 1945."

##### APPROPRIATION REQUIRED FOR SUBSIDIES

SEC. 102. Section 2 (e) of such act is amended by adding at the end thereof the following new paragraph:

"After June 30, 1945, neither the Price Administrator nor the Reconstruction Finance Corporation nor any other Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless the money required for such subsidies, or sale at a loss, has been appropriated by Congress for such purpose."

##### UNAUTHORIZED CONDITIONS OR PENALTIES

SEC. 103. Section 2 of such act is amended by adding at the end thereof the following new subsection:

"(k) No agency, department, officer, or employee of the Government, in the payment of sums authorized by this or other acts of Congress relating to the production or sale of agricultural commodities, or in contracts for the purchase of any such commodities by the Government or any department or agency thereof, or in any allocation of materials or facilities, or in fixing quotas for the production or sale of any such commodities, shall impose any conditions or penalties not authorized by the provisions of the act or acts, or lawful regulations issued thereunder, under which such sums are authorized, such contracts are made, materials and facilities allocated, or quotas for the production or sale of any such commodities are imposed."



Any person aggrieved by any action of any agency, department, officer, or employee of the Government contrary to the provisions hereof, or by the failure to act of any such agency, department, officer, or employee, may petition the district court of the district in which he resides or has his place of business for an order or a declaratory judgment to determine whether any such action or failure to act is in conformity with the provisions hereof and otherwise lawful; and the court shall have jurisdiction to grant appropriate relief. The provisions of the Judicial Code as to monetary amount involved necessary to give jurisdiction to a district court shall not be applicable in any such case."

#### ENFORCEMENT AUTHORIZATION

SEC. 104. Section 3 (e) of such act is amended by striking out "(a) and (b)."

#### EXPENDITURES BY THE ADMINISTRATOR

SEC. 105. Section 201 (c) of such act is amended to read as follows:

"(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; for paper, printing and binding; and for purchase of commodities in order to obtain information or evidence of violations of price, rent, or rationing regulations or orders or price schedules) as he may deem necessary for the administration and enforcement of this act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250."

#### PROTEST PROCEDURE

SEC. 106. (a) The first sentence of section 203 (a) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: "Within a period of 60 days after the issuance of any regulation or order under section 2 (or in the case of a price schedule, within a period of 60 days after the effective date thereof specified in section 206), or within a period of 60 days after June 30, 1944, whichever is later, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections."

(b) Section 203 (c) of such act is amended by inserting before the period at the end thereof a colon and the following: "Provided, however, That, upon the request of the protestant, any protest filed in accordance with subsection (a) of this section, after September 1, 1941, shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the Office of Price Administration designated by the Administrator in accordance with regulations to be promulgated by him. The Administrator shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the Price Administrator. The protestant shall be informed of the recommendations of the board and, in the event that the Administrator rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection."

(c) Section 203 of such act is further amended by adding at the end thereof the following new subsection:

"(d) Any protest filed under this section shall be granted or denied by the Administrator, or granted in part and the remainder of it denied, within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the Administrator in disposing of his protest may petition the Emergency Court of Appeals, created pursuant to section 204, for relief; and such court shall have jurisdiction by appropriate order to require the Administrator to dispose of such protest within such time as may be fixed by the court. If the Administrator does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period."

(d) Section 204 (c) of such act is amended by inserting after the third sentence and before the fourth sentence thereof the following:

"Two judges shall constitute a quorum of the court and of each division thereof."

#### STAYS IN CRIMINAL PROCEEDINGS, ETC.

SEC. 107. Section 204 of such act is amended by adding at the end thereof the following new subsection:

"(e) Within 5 days after judgment or decree in any proceeding brought pursuant to section 205 for the violation of any provision of any regulation or order issued under section 2 or of any price schedule effective in accordance with the provisions of section 206, the defendant may apply to the district court for leave to file in the Emergency Court of Appeals a complaint against the Administrator setting forth objections to the validity of any provision which the defendant has been found to have violated. The district court shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 203 (a). Upon the filing of a complaint pursuant to and within 30 days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation, order, or price schedule complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the Administrator or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection. After judgment in any proceeding brought pursuant to subsection 205, the district court shall stay the execution of its judgment for the violation of any provision of a regulation, order, or price schedule concerning which there is pending a protest properly filed by the defendant in accordance with the provisions of section 203, or any judicial proceeding instituted by the defendant in accordance with the provisions of this section, the stay to continue until the disposition of such protest, or judicial proceeding, and the expiration of the time allowed in this section for the taking of further proceedings with respect thereto. If any provision of a regulation, order, or price schedule is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 204 (b), any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 203, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 205; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision

of a regulation or order issued under section 2 or of a price schedule effective in accordance with the provisions of section 206."

#### SUITS FOR DAMAGES

SEC. 108. (a) Subsection (e) of section 205 of such act is amended to read as follows:

"(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation except as hereinafter provided, bring an action against the seller on account of the overcharge. In such action, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is the greater: (1) Such amount not less than one and one-half times and not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) \$50. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be; and the word 'overcharge' shall mean the amount by which the consideration exceeds the applicable maximum price. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the Administrator may institute such action on behalf of the United States within such 1 year period. If such action is instituted by the Administrator, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the Administrator, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. Notwithstanding any provision of this act, the Emergency Price Control Act of 1942, or the amendment thereto of act, October 2, 1942 (Public Law 729, 77th Cong), all suits for civil damages shall be brought in the district or county in which the defendant against whom substantial relief is sought resides or has a place of business, or office, or agent."

(b) The amendment made by subsection (a), insofar as it relates to actions by buyers or actions which may be brought by the Administrator only after the buyer has failed to institute an action within 30 days from the occurrence of the violation, shall be applicable only with respect to violations occurring after the date of enactment of this act. In other cases, such amendment shall be applicable with respect to proceedings pending on the date of enactment of this act and with respect to proceedings instituted thereafter.

#### REVIEW OF RATIONING SUSPENSION ORDERS

SEC. 109. Section 205 of such act is amended by adding at the end thereof the following new subsections:

"(g) The district courts shall have exclusive jurisdiction to enjoin or set aside, in whole or in part, orders for suspension of allocations, and orders denying a stay of such suspension, issued by the Administrator pursuant to section 2 (a) (2) of the act of June 28, 1940, as amended by the act of May 31,

1941, and title III of the Second War Powers Act, 1942, and under authority conferred upon him pursuant to section 201 (b) of this act. Any action to enjoin or set aside such order shall be brought within 5 days after the service thereof. No suspension order shall take effect within 5 days after it is served, or, if an application for a stay is made to the Administrator within such 5-day period, until the expiration of 5 days after service of an order denying the stay. No interlocutory relief shall be granted against the Administrator under this subsection unless the applicant for such relief shall consent, without prejudice, to the entry of an order enjoining him from violations of the regulations or order involved in the suspension proceedings.

"(h) It shall be an adequate defense to any suit or action brought under subsections (b), (e), or (f) (2) of this section if the defendant proves that the violation of the regulation, order, or price schedule prescribing a maximum price or maximum prices was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation.

"(i) Nothing in this section shall be construed to deprive the courts of the power to assess against the defendant the amount of the overcharge."

#### TITLE II—AMENDMENTS TO THE STABILIZATION ACT OF OCTOBER 2, 1942

##### COTTON TEXTILES

SEC. 201. Section 3 of the Stabilization Act of October 2, 1942, as amended, is amended by adding at the end thereof the following new paragraph:

"Any maximum price established or maintained under authority of this act or otherwise for any textile product processed or manufactured in whole or substantially part from cotton or cotton yarn shall be not less for any specific textile item than the sum of the following: (1) The cost of the cotton or yarn involved, plus the cost of delivery of such cotton or yarn to the point of processing or manufacturing, as determined by the War Food Administrator; (2) a generally fair and equitable allowance for the total current cost of whatever nature incident to processing or manufacturing and marketing such item, and whenever the Chairman of the War Production Board or the War Food Administrator has determined such item to be necessary for the war effort or the maintenance of the civilian economy, such allowance shall be computed at a uniform figure that will cover such total current costs in the case of any manufacturer or processor among the manufacturers or processors of at least 90 percent by volume of such item; and (3) a reasonable profit on such item, in addition to the costs computed as provided in clauses (1) and (2). The maximum price established for any textile item under this act or otherwise shall be adjusted to the extent necessary to conform with the requirements of this paragraph within 60 days after the date of its enactment. For the purposes of this paragraph, the cost of any cotton shall be deemed to be not less than the parity price for such cotton (adjusted for grade, location, and seasonal differentials); except that for the 60-period beginning 120 days after the date of enactment of this paragraph, and for each subsequent 60-day period, if the actual current market value of such cotton at the beginning of such period is lower than such parity price, the cost of such cotton during such 60-day period shall be deemed to be the actual current market value at the beginning of such period, and whenever a change is made in such cost of cotton a corresponding change shall be made in the maximum price for each specific textile item. The method that is now used for the purposes of loans under section 8 of this act for determining the parity price or its

equivalent for seven-eighths inch Middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for seven-eighths inch Middling cotton at such average location for the purposes of this section; and any adjustments made by the Secretary of Agriculture or the War Food Administrator for grade, location, or seasonal differentials for the purposes of this section shall be made on the basis of the parity price so determined. For the purposes of this paragraph, the terms 'textile product' and 'textile item' mean any product or item manufactured or processed in whole or substantial part from cotton or cotton yarn by any manufacturer or processor engaged in the manufacture or processing of such product or article from cotton or cotton yarn. Whenever the maximum price established for any item to which this paragraph is applicable is in excess of a price which in the judgment of the Administrator is generally fair and equitable and is also in excess of the lowest maximum price which could be established therefor in accordance with the foregoing provisions of this section, the Administrator may reduce the maximum price for such items to a price which in his judgment will be generally fair and equitable, except that such maximum price shall in no event be reduced to a price lower than the lowest maximum price which could be established therefor in accordance with the foregoing provisions of this section or be reduced to a price which will impede the effective prosecution of the war or the maintenance of the civilian economy.

"Whenever the maximum price established for sales at any subsequent level of manufacture, processing, or distribution of any commodity which is constituted in whole or substantial part of any textile item is in excess of a price which in the judgment of the Administrator will provide a generally fair and equitable margin at such level of manufacture, processing, or distribution, then the Administrator may reduce such maximum price to any price which in the judgment of the Administrator will provide a generally fair and equitable margin at such level."

##### SETTLEMENT OF DISPUTES UNDER RAILWAY LABOR ACT

SEC. 202. Section 4 of such act of October 2, 1942, is amended by adding at the end thereof the following new paragraphs:

"No action shall be taken under authority of this act with respect to an increase in any wages or salaries in any case in which such increase has been agreed upon by the employer and employee and will not result in the payment of wages or salaries at a rate greater than \$37.50 per week. For the purpose of the preceding sentence, if the employee ordinarily works overtime and extra compensation is paid therefor, such extra compensation shall be included in determining the rate of wages or salaries paid.

"In any dispute between employees and carriers subject to the Railway Labor Act, as amended, as to changes affecting wage or salary payments, the procedures of such act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such act, as a prerequisite to effecting or recommending a settlement of any such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement are consistent with such standards as may be then in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies. Where such finding and certification are made by such agency, they shall be conclusive, and it shall be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement or recommended settlement with respect to

which such finding and certification were made."

##### TERMINATION DATE

SEC. 203. Section 6 of such act of October 2, 1942, is amended by striking out "June 30, 1944" and substituting "December 31, 1945."

##### LOAN RATE FOR AGRICULTURAL COMMODITIES

SEC. 204. (a) Section 8 (a) (1) of such act of October 2, 1942 (relating to loans upon cotton, corn, wheat, rice, tobacco, and peanuts), is amended by striking out "at the rate of 90 percent of the parity price" and inserting in lieu thereof "at the rate of 95 percent of the parity price." The amendment made by this subsection shall be applicable with respect to crops harvested after December 31, 1943. In the case of loans made under such section 8 upon any of the 1944 crops of any commodity before the amendment made by this subsection takes effect, the Commodity Credit Corporation is authorized and directed to increase or provide for increasing the amount of such loans to the amount of the loans which would have been made if the loan rate specified in this subsection had been in effect at the time the loans were made.

(b) Section 4 (a) of the act entitled "An act to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes," approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), is amended by striking out "90 percent" and inserting in lieu thereof "95 percent." The amendment made by this subsection shall, irrespective of whether or not there is any further public announcement under such section 4 (a), be applicable with respect to any commodity with respect to which a public announcement has heretofore been made under such section 4 (a).

SEC. 205. Section 3 of the act of October 2, 1942 (Public Law 729, 77th Cong.), is hereby amended by adding a new paragraph to read as follows:

##### "PERISHABLE COMMODITIES"

"Whenever a maximum price is established on any fresh fruit or fresh vegetable, including potatoes, adequate allowances shall be made for hazards of production and marketing of such commodities throughout the crop year, including increased costs due to crop losses which have resulted or may result from such hazards. If a maximum price has been established on any such commodity, the Price Administrator shall take immediate action to review and increase such maximum price from time to time by making further allowances to the extent necessary to compensate for subsequent substantial changes in such conditions, including substantial reductions in merchantable crop yields."

The title was amended so as to read as follows: "A bill to amend the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of October 2, 1942, as amended, and for other purposes."

Mr. WAGNER. Mr. President, I ask that the bill be printed as passed today.

The PRESIDING OFFICER. Without objection, it is so ordered.

##### AUTHORIZATION FOR APPROPRIATIONS COMMITTEE TO REPORT, ETC.

Mr. McKELLAR. Mr. President, I ask unanimous consent that during the recess or adjournment of the Senate, following today's session, the Committee on Appropriations be authorized to file reports on appropriation bills before it, and to file notices of motions to suspend the



rule for the purpose of proposing amendments to such appropriation bills.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PROCUREMENT OF OIL FOR THE NATIONAL DEFENSE

Mr. WALSH of Massachusetts. Mr. President, I move that the Senate proceed to the consideration of House bill 4771, Calendar No. 962. I shall not ask for its consideration tonight, but I should like to make it the unfinished business.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4771) to amend the part of the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes", approved June 4, 1920, as amended, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves.

Mr. WALSH of Massachusetts. Mr. President, I may say that the title of the bill is misleading and does not define the objective of the measure. The purpose of the bill is to authorize the production of oil from Naval Petroleum Reserve No. 1—Elk Hills—whenever production is required for national defense.

Mr. TAFT. Mr. President, am I correct in understanding that the consideration of the bill will go over until Monday?

Mr. WALSH of Massachusetts. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Massachusetts [Mr. WALSH].

The motion was agreed to; and the Senate proceeded to consider the bill.

#### LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, I should like to inquire of Senators—especially the Senator from Massachusetts [Mr. WALSH] and the Senator from Tennessee [Mr. McKELLAR]—whether the appropriation bills in the Appropriations Committee and the bill to which the Senator from Massachusetts has referred, and which is now the unfinished business, are of such urgency that we could not take a recess from today until Tuesday next. I do not wish to waste a single day that is necessary in order to clear our program; but if committees could have an opportunity to act on Monday on legislation pending before them, it is possible that we might facilitate matters by taking a recess until Tuesday, rather than holding a session on Monday.

Mr. WALSH of Massachusetts. Mr. President, the Navy Department has been pressing me very hard all week to obtain action on the bill which has been made the unfinished business. It deals, as I have said, with the extraction of oil from the Elk Hills Oil Reserve in California.

The contract under which the Navy has been acting has expired, and the Navy is pressing very hard for legislation which would permit it to increase the volume of oil which it can obtain. I hope very much that the Senate may consider the bill on Monday.

Mr. McKELLAR. Mr. President, in answer to the question of the Senator from Kentucky, let me say that there are 13 appropriation bills, and only 2 of them have finally passed. It will require the most nerve-racking work for our committee to finish consideration of those bills so that a recess may be taken for the Republican National Convention, as I understand is now the program. For that reason it seems to me that we had better stay in session as much as possible if we are to get through.

Mr. BARKLEY. Mr. President, the answers of both the Senator from Massachusetts and the Senator from Tennessee are satisfactory. Therefore, at the proper time I shall move that the Senate take a recess until Monday.

#### TEMPORARY APPOINTMENT OF ARMY NURSE CORPS MEMBERS AS OFFICERS IN THE ARMY OF THE UNITED STATES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1808) to authorize temporary appointment as officers in the Army of the United States of members of the Army Nurse Corps, female persons having the necessary qualifications for appointment in such corps, female dietetic and physical-therapy personnel of the Medical Department of the Army (exclusive of students and apprentices), and female persons having the necessary qualifications for appointment in such department as female dietetic or physical-therapy personnel, and for other purposes, which were to strike out all after the enacting clause and insert:

That, notwithstanding any other provision of law, members of the Army Nurse Corps, female persons having the necessary qualifications for appointment in such corps, female dietetic and physical-therapy personnel of the Medical Department of the Army (exclusive of students and apprentices), appointed under the provisions of the act of December 22, 1942 (56 Stat. 1072), and female persons having the necessary qualifications for appointments in such department as female dietetic or physical-therapy personnel under the provisions of the act of December 22, 1942 (56 Stat. 1072), may be appointed as officers in the Army of the United States under the provisions of the joint resolution of September 22, 1941 (55 Stat. 728), as amended by the act of July 7, 1943 (Public Law 114, 78 Cong.), in the grades therein prescribed, and assigned, respectively, to the Army Nurse Corps and Medical Department of the Army. All persons so appointed and assigned shall have authority in and about military hospitals as regards medical and sanitary matters and all other work within the scope of their professional duties next after other officers of the Medical Department and, except as above provided, shall exercise command only over those members of the Army of the United States specifically placed under their command. Members of the Army Nurse Corps so appointed and assigned shall not by acceptance of their appointments vacate their appointments in the Army Nurse Corps.

Sec. 2. All persons appointed and assigned as officers in the Army of the United States under the provisions of section 1 of this act and their dependents and beneficiaries shall have all the rights, privileges, and benefits accorded in like cases to other persons appointed under the joint resolution of September 22, 1941 (55 Stat. 728), as amended, except where otherwise expressly provided in this or any subsequent act.

Sec. 3. In addition to members of the Army Nurse Corps, any person appointed and assigned as an officer in the Army of the United States under the provisions of section 1 of this act shall be eligible to be retired under any law providing for the retirement of members of the Army Nurse Corps, and any such person, including members of the Army Nurse Corps, who, while serving under such appointment and assignment, is so retired for disability shall receive retired pay at the rate of 75 percent of the active duty base and longevity pay received by her while serving in the highest grade in which she served under any such appointment and assignment, and, notwithstanding any other provision of law, shall be placed upon the Army Nurse Corps retired list in such highest grade. Any member of the Army Nurse Corps retired between December 7, 1941, and the date of enactment of this act for disability and any female dietitian or physical-therapy aide so retired between January 12, 1943, and the date of enactment of this act shall receive, effective on the first day of the first month next following the date of enactment of this act, retired pay at the rate of 75 percent of the highest active duty base and longevity pay received by her while serving in the Army Nurse Corps or Medical Department of the Army, as the case may be, during the above-cited applicable period: *Provided*, That nothing contained in this section shall operate to reduce the retired pay presently received by any nurse, female dietitian, or physical-therapy aide.

Sec. 4. In computing years of service for all purposes of members of the Army Nurse Corps appointed and assigned under the provisions of section 1 of this act there shall be credited active service in the Army Nurse Corps and in the Navy Nurse Corps, active service as a contract nurse prior to February 2, 1901, and service rendered pursuant to an appointment under this act.

Sec. 5. In computing years of service for all purposes of female dietetic and physical-therapy personnel appointed and assigned under the provisions of section 1 of this act there shall be credited all active full-time service (except as a student or apprentice) in the dietetic or physical-therapy categories rendered subsequent to April 6, 1917, as a civilian employee of the War Department, service rendered pursuant to an appointment as a female dietitian or physical-therapy aide under the provisions of the act of December 22, 1942 (56 Stat. 1072), and service rendered pursuant to an appointment under this act.

Sec. 6. Notwithstanding any other provision of law, no woman appointed and assigned under the provisions of section 1 of this act who is a member of the Army Nurse Corps or who has previously held an appointment as a female dietitian or physical-therapy aide under the provisions of the act of December 22, 1942 (56 Stat. 1072), shall be entitled to any uniform allowance payable to officers of the Army of the United States. Any such woman who, either as a member of the Army Nurse Corps or a dietitian or physical-therapy aide, has not received a complete issue of uniforms, insignia, accessories, and equipment prescribed by regulations of the Secretary of War for persons in the respective categories may be issued the remainder of such prescribed articles, and any such woman who has heretofore or may hereafter receive such complete issue, or any part thereof, may retain such articles as her personal property.

Sec. 7. For the purpose of effectuating prompt and equitable appointments under section 1 of this act of the personnel mentioned in the title of this act who are on active duty on the date of enactment of this act, the President is authorized to appoint, in commissioned grades corresponding to the relative rank held by such personnel on the effective date of the order of appointment, all or any part of such personnel by means

of a blanket order without specifying the names of the personnel so appointed. Any person so appointed by such blanket order shall be deemed for all purposes to have accepted her appointment as an officer in the Army of the United States upon the effective date of such blanket order unless she shall expressly decline such appointment, and shall receive from such date the pay and allowances of the commissioned grade to which she was so appointed. No such person who, upon receiving an appointment in the Army of the United States, shall have subscribed to the oath of office required by section 1757, Revised Statutes, shall be required to renew such oath or to take a new oath upon her appointment as a commissioned officer, if her service in the Army of the United States after the taking of such oath shall have been continuous.

Sec. 8. Women appointed in the Army Nurse Corps, female dietitians and physical-therapy aides appointed in the Medical Department of the Army under the provisions of the act of December 22, 1942 (56 Stat. 1072), and women appointed from civilian life under the provisions of section 1 of this act shall receive for travel performed under competent orders from home to first-duty station the mileage allowance provided for persons appointed as officers under the joint resolution of September 22, 1941 (55 Stat. 728). This section shall be applicable with respect to travel performed on or after December 22, 1942.

Sec. 9. The provisions of this act shall apply also to the members of the Navy Nurse Corps.

And to amend the title so as to read: "An act to authorize temporary appointment as officers in the United States Naval Reserve of members of the Navy Nurse Corps and as officers in the Army of the United States of members of the Army Nurse Corps female persons having the necessary qualifications for appointment in such corps, female dietetic and physical-therapy personnel of the Medical Department of the Army (exclusive of students and apprentices), and female persons having the necessary qualifications for appointment in such department as female dietetic or physical-therapy personnel, and for other purposes."

Mr. JOHNSON of Colorado. Mr. President, I move that the Senate concur in the House amendments with an amendment, on page 6, to strike out section 9, and an amendment to the title as proposed to be amended by the House, by striking out, in line 3 of the title, the words "Navy Nurse Corps."

Mr. WHITE. Mr. President, is this a Senate bill with House amendments?

Mr. JOHNSON of Colorado. It is a Senate bill which has come back from the House with amendments.

Mr. WHITE. Is the Senator moving to concur in the House amendments?

Mr. JOHNSON of Colorado. No; I am moving to concur in the House amendments with an amendment striking out section 9, and also an amendment to the title as proposed to be amended by the House.

Section 9 was put in the bill on the floor of the House. It is not acceptable to the Navy, and it is not acceptable to the Military Affairs Committee. I have been informed that if we strike out that section in the Senate, the House will then agree, without sending the bill to conference.

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Mr. DANAHER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. DANAHER. What does section 9 do?

Mr. JOHNSON of Colorado. We do not think section 9 accomplishes the purpose which was intended. It attempts to make the provisions of Senate bill 1808, as applied to Army nurses, apply also to Navy nurses. We are informed by the Navy Department that that is not possible under the language of the bill, and that shortly the Navy Department will submit a bill to accomplish what is intended, as it should be done. The House is now convinced of its error, and is willing to correct its mistake by accepting an amendment to the House amendment, striking out section 9 and amending the title as it has been amended by the House.

The PRESIDING OFFICER. The proposed amendments to the House amendments will be stated.

The CHIEF CLERK. It is proposed to strike out section 9, as follows:

Sec. 9. The provisions of this act shall apply also to the members of the Navy Nurse Corps.

And to amend the title as proposed to be amended by the House, by striking out in line 3 of the title the words "Navy Nurse Corps."

Mr. WHITE. Mr. President, did this bill come from the Military Affairs Committee or the Naval Affairs Committee?

Mr. JOHNSON of Colorado. It came from the Military Affairs Committee, was passed by the Senate, and was amended in the House.

Mr. WHITE. I take it that what the Senator is proposing has the sanction of the Military Affairs Committee?

Mr. JOHNSON of Colorado. It has the sanction of the Military Affairs Committee, and also the sanction of Admiral Jacobs.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado.

Mr. BARKLEY. Mr. President, as I understand, the Senator's motion is to concur in the House amendments with certain amendments; namely, to strike out section 9, and, further, to amend the title as proposed to be amended by the House, by striking out the words "Navy Nurse Corps."

Mr. JOHNSON of Colorado. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Colorado [Mr. JOHNSON].

The motion was agreed to.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. DOWNEY in the chair) laid before the Senate messages from the President of the United States, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### POSTMASTER NOMINATIONS CONFIRMED

Mr. BARKLEY. Mr. President, the only names on the Executive Calendar

are those of four postmasters. I ask unanimous consent that, as in executive session, the nominations of postmasters be confirmed, and that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the nominations are confirmed; and, without objection, the President will be notified forthwith.

#### RECESS TO MONDAY

Mr. BARKLEY. I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 28 minutes p. m.) the Senate took a recess until Monday, June 12, 1944, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate June 9 (legislative day of May 9), 1944:

##### DIPLOMATIC AND FOREIGN SERVICE

David McK. Key, of Tennessee, now a Foreign Service officer of class 3 and a secretary in the Diplomatic Service, to be also a consul general of the United States of America.

Robert B. Memmlinger, of South Carolina, now a Foreign Service officer of class 7 and a secretary in the Diplomatic Service, to be also a consul of the United States of America.

Harlan B. Clark, of Ohio, now a Foreign Service officer of class 8 and a secretary in the Diplomatic Service, to be also a consul of the United States of America.

##### PROMOTIONS IN THE REGULAR ARMY OF THE UNITED STATES

TO BE COLONEL, WITH RANK FROM MAY 7, 1944

Lt. Col. Edward James Dwan, Cavalry (temporary colonel).

TO BE COLONELS, WITH RANK FROM MAY 31, 1944

Lt. Col. John Ross Mendenhall, Infantry (temporary colonel).

Lt. Col. Norman Randolph, Infantry (temporary brigadier general).

Lt. Col. George Edward Stratemeyer, Air Corps (temporary major general).

Lt. Col. Eustis Lloyd Hubbard, Cavalry (temporary colonel).

Lt. Col. Frederic William Boye, Cavalry (temporary colonel).

Lt. Col. Leroy Hugh Watson, Infantry (temporary major general).

TO BE COLONELS, WITH RANK FROM JUNE 1, 1944

Lt. Col. Arthur Armin White, Field Artillery (temporary colonel).

Lt. Col. John Keliher, Field Artillery (temporary colonel).

Lt. Col. Thomas Fenton Taylor, Infantry (temporary colonel), subject to examination required by law.

Lt. Col. Marshall Henry Quesenberry, Infantry (temporary colonel), subject to examination required by law.

Lt. Col. Richard Wilmer Cooksey, Cavalry (temporary colonel).

#### CONFIRMATIONS

Executive nominations confirmed by the Senate June 9 (legislative day of May 9), 1944:

##### POSTMASTERS

###### MICHIGAN

Oswald J. Koch, Ann Arbor.  
Arthur Elmore, Hanover.  
Claude A. Van Dusen, Jasper.

###### WISCONSIN

Howard L. Van Ness, Lodi.